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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

In the Matter of Application of Foresthill
Telephone Co. (U 1009 C) to Modify
Intrastate Revenue Requirement and Rate
Design and Adjust Selected Rates.

A.22-_____

**APPLICATION
OF FORESTHILL TELEPHONE CO. (U 1009 C)
TO MODIFY INTRASTATE REVENUE REQUIREMENT AND RATE DESIGN AND
ADJUST SELECTED RATES
[PUBLIC VERSION]
CONFIDENTIAL DATA REDACTED FROM APPLICATION, EXHIBIT C AND G**

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1 **I. INTRODUCTION.**

2 Pursuant to Rules 2.1, 2.2, 2.3, and 3.2 of the California Public Utilities Commission’s
3 (“Commission”) Rules of Practice and Procedure (“Rules”), Applicant Foresthill Telephone Co.
4 (U 1009 C) (“FTC”) hereby submits this general rate case application (“Application”), seeking
5 modifications to its revenue requirements and rate design, including updates to its annual costs of
6 service and adjustments to its tariffed rates and California High Cost Fund A (“CHCF-A”) support.¹ This Application complies with Commission directives applicable to small, independent
7 telephone corporations, the Commission’s 2015 rate case plan (“Rate Case Plan”), and all rules
8 governing the CHCF-A program.² In 2020, the Commission adjusted the Rate Case Plan to place
9 FTC in “Group B” along with its affiliate, Kerman Telephone Co. (“KTC”), noting that processing
10 these cases in the same group would “streamline the GRC process and promote efficiency.”³ To
11 ensure that these procedural efficiencies are realized, FTC will be filing a motion to formally
12 consolidate this proceeding with the parallel, contemporaneously initiated rate case of KTC.⁴
13 While FTC and KTC will ask that their cases be processed on a consolidated basis, they remain
14 separate operating companies with distinct costs of service, and they will present separate
15 ratemaking calculations.

16 Through this Application, FTC has presented reasonable and extensively-supported
17 ratemaking proposals that advance important state and federal public policy objectives, including
18 helping to bridge the “digital divide” by enhancing broadband deployment in rural areas of
19 California.⁵ FTC’s ratemaking calculations were most recently performed with reference to a test
20

21 ¹ See D.20-08-011 at 55 (Ordering Paragraph (“OP”) 8 (setting original rate case filing date of October 1,
22 2022 for “Group B” companies, including FTC)). Pursuant to Rule 16.6, FTC received a one-month
23 extension on the October 1, 2022 filing deadline, as reflected in a letter issued by the Commission’s
24 Executive Director on July 18, 2022. This letter is provided herewith in **Exhibit A**.

25 ² See Pub. Util. Code § 275.6 (outlining the ratemaking standards for “small independent telephone
26 corporations” who receive CHCF-A support); D.15-06-048, Appendix A (establishing a Rate Case Plan for
27 FTC and other “small independent telephone corporations”); D.14-12-084 (enacting ratemaking
28 adjustments following Phase 1 of CHCF-A rulemaking); D.21-04-005 (adopting “broadband imputation”
for CHCF-A recipients); D.21-06-004 (enacting additional changes to ratemaking rules following Phase 2
of CHCF-A rulemaking); D.22-02-027 (modifying D.21-06-004 on rehearing and revising license and lease
revenue reporting requirements).

³ See D.20-08-011 at 44 (quoting Cal Advocates’ comments on underlying proposed decision).

⁴ KTC will bring a similar motion in its own rate case.

⁵ See *Newsom Executive Order N-73-20*, OP 8 (directing the “CPUC . . . to seek opportunities to use

1 year of 2019.⁶ Since the conclusion of that prior rate case, numerous events have underscored the
2 critical importance of the company's service to its rural service territory. The recent "Mosquito
3 Fire," which burned more than 75,000 acres in and around FTC's service territory, provided a
4 stark reminder of the central role that reliable voice service and access to advanced broadband
5 capabilities play in public safety, especially given the limitations of wireless service in this area.
6 The devastating effects of the Mosquito Fire are not an isolated concern; FTC resides entirely
7 within "Tier 2" and "Tier 3" fire threat zones, where fire risk is "elevated" or "extreme."⁷
8 Likewise, the COVID-19 pandemic has highlighted the need for rural connectivity, as many
9 essential services, social necessities, and economic opportunities were not available "in person"
10 during 2020 and some "face-to-face" interactions remained limited into 2022.

11 Against this backdrop, federal and state regulators have confirmed that robust broadband
12 connection is no longer a "luxury."⁸ In this context, FTC has renewed its commitment to
13 advancing its broadband-capable networks, which will provide residents in Placer County with
14 access to an evolving level of broadband speed and bandwidth, consistent with the growing
15 customer demand for advanced services. FTC does not provide Internet access service itself, but
16 its affiliate, Audeamus, operates as an Internet Service Provider ("ISP") in FTC's service
17 territory.⁹ To ensure that the households and businesses in FTC's service area have sufficient
18 infrastructure to access advanced services from the providers of their choice, the Legislature
19 confirmed in 2012 that "small telephone corporations'" investments in "broadband-capable
20 facilities" are appropriate for inclusion in rate base.¹⁰ Following these imperatives, FTC is

21 _____
22 programs under its jurisdiction to accelerate broadband deployment and leverage utility infrastructure to
23 increase access to existing fiber and cost-effectively deploy new fiber."); Pub. Util. Code § 281(b)(1)(A)
(confirming state goal of reaching 98% of households with broadband connectivity by the end of 2026).

24 ⁶ See D.19-04-017 at 77-78, 80 (OPs 1, 14) (resolving FTC rate case using 2019 test year).

25 ⁷ An overview of the high fire threat zones is available here: [https://files.cpuc.ca.gov/Safety/fire-
26 threat_map/2018/PrintablePDFs/8.5X11inch_PDF/High_Fire-Threat_District_Map_final.pdf](https://files.cpuc.ca.gov/Safety/fire-threat_map/2018/PrintablePDFs/8.5X11inch_PDF/High_Fire-Threat_District_Map_final.pdf).

27 ⁸ See *In the Matter of Connect America Fund*, WC Docket No. 10-90, *Report and Order*, FCC 18-176 (rel.
28 Dec. 13, 2018) ("*ETC Reform Order*"), at ¶ 3 (recognizing that "access to 25/3 Mbps broadband service is
not a luxury for urban areas, but important to Americans wherever they live."); *Newsom Executive Order*
N-73-20, OP 1 ("California state agencies subject to my authority are directed to pursue a minimum
broadband speed goal of 100 megabits per second download speed to guide infrastructure investments and
program implementation to benefit all Californians.").

⁹ Audeamus also operates in other parts of California outside of FTC's service territory, including in KTC's
territory and portions of AT&T's service territory and Frontier's service territories.

¹⁰ Pub. Util. Code §§ 275.6(c)(6), 275.6(c)(5); see SB 379 (2012 Fuller), Preamble.

1 prepared to make more than \$5.4 million in additional investments in network upgrades during the
2 timeframe spanning the current year, through the end of the test year 2024, including investments
3 made year to date in 2022, with an ultimate goal of extending fiber facilities to substantially all
4 customer locations.

5 FTC cannot bring these benefits to its customers without continued access to sufficient
6 CHCF-A support, which makes a reasonable, efficient outcome in this rate case especially crucial.
7 To provide a viable financial platform for FTC’s forward-looking operations, and to ensure that
8 FTC can maintain its “financial integrity,” “attract capital . . . on reasonable terms,” and “earn a
9 reasonable return on its investments,” the Commission must make adjustments to FTC’s revenue
10 requirement and its rate design.¹¹ Unfortunately, in 2021, the Commission adopted policies in the
11 CHCF-A rulemaking that undercut FTC’s ability to recover its costs of service and earn its
12 authorized rate of return, including the imposition of “broadband imputation” and the application
13 of arbitrary, non-rebuttable expense caps to FTC’s operations.¹² These recent changes will result
14 in a revenue requirement that is lower than necessary to meet statutory and constitutional
15 standards and produce systematic revenue shortfalls in FTC’s rate design. Nevertheless, FTC has
16 faithfully applied the Commission’s rules in presenting this Application, and it will abide by these
17 requirements unless and until they are annulled by a reviewing court or otherwise adjusted through
18 regulatory or statutory change.¹³

19 Based on current Commission rules, FTC has computed a revenue requirement of
20 \$3,722,399 for the 2024 test year. Consistent with statutory guidance and longstanding
21

22 ¹¹ Pub. Util. Code § 275.6(c)(2).

23 ¹² D.21-04-005 at 23-24 (OP 1) (in Small LEC general rate cases, “all reasonable positive retail broadband-
24 related revenues of the Small ILEC and its Internet service provider (ISP) affiliate . . . net of all reasonable
25 broadband-related expenses of the Small ILEC and its ISP affiliate . . . for the calendar year immediately
preceding the filing of the GRC application shall be imputed in the determination of rate design and
California High Cost Fund-A support.”); D.21-06-004 at 43 (OPs 6-7) (requiring non-rebuttable corporate
and operating expenses in general rate cases).

26 ¹³ As part of the Independent Small LEC group, FTC has filed an appellate challenge of D.21-04-005 and
27 D.21-08-042, the decisions adopting “broadband imputation.” The case is docketed as *Calaveras, et al. v.*
28 *Pub. Util. Comm’n*, Case No. F083339 and a writ of review has been issued. Oral argument is expected to
take place in December 2022, and an appellate opinion addressing the legality of broadband imputation is
likely to be issued in the first quarter of 2023. FTC believes strongly that broadband imputation is
unlawful, and if the decisions reflecting this policy are annulled or otherwise reversed, FTC reserves the
rights to modify its proposal to remove the imputed broadband revenue from the CHCF-A calculation.

Commission precedent, this revenue requirement is comprised of reasonable expenses, return on rate base, and tax liabilities computed at current federal and state rates, as follows:¹⁴

Revenue Requirement	
Operating Expenses	\$ 2,942,612 ¹⁵
Return on Rate Base [Cost of Capital * Rate Base]	[8.99% * \$6,843,459]
Tax Liabilities	\$164,558
Revenue Requirement	\$ 3,722,399

The expense figure included in these revenue requirement calculations is not a reasonable estimate of FTC's actual expenses from its regulated operations, as this figure stems from the rote application of the corporate expense cap and operating expense limitation, which generates intrastate expense figures of \$215,906 lower than FTC's anticipated intrastate expenses for the test year. The "return on rate base" elements shown above are computed by applying a "cost of capital" of 8.99% as specified in D.16-12-035, to FTC's anticipated 2024 rate base amount. FTC notes, however, that on September 1, 2022, FTC and the other Independent Small LECs together filed the application docketed as A.22-09-003 to adjust their applicable cost of capital percentages for future ratemaking calculations, the result of which FTC understands will ultimately be applied as the cost of capital in the present rate case proceeding.¹⁶ In the meantime, the percentage used here serves as a placeholder and to illustrate what the return on rate base would be using FTC's current rate of return.

FTC's overall annual plant additions have been consistent since its last rate case. These investments must continue up to and through the test year to ensure long-term reliability and to advance the broadband-capabilities of the network so that it can meet current and foreseeable broadband speed requirements.¹⁷ FTC is pursuing plant additions to achieve a Fiber to the

¹⁴ Pub. Util. Code § 275.6(b)(5).

¹⁵ The operating expense figure displayed here includes property tax of \$152,753. Property tax is treated as an expense because it does not vary depending on the level of income to be produced from the rate design.

¹⁶ See A.22-09-003 (proposing an overall cost of capital for FTC of 13.2%).

¹⁷ Although FTC's investments are continuing at a consistent pace, its interstate rate base is approximately 40% lower than the amount adopted in D.19-04-017. See D.19-04-017, Appendix A, Line 31. This reduction is not reflective of reduced investment; it is the product of shifting jurisdictional percentages, by which a significant portion of FTC's costs are migrating to the intrastate jurisdiction. As explained in Mr.

1 Premises (“FTTP”) architecture, which will be required for it to meet the Federal Communications
2 Commission’s (“FCC”) minimum speed capability standard of 25 Megabits per second (“Mbps”)
3 download and 3 Mbps upload throughout its service territory, and to position FTC to meet
4 anticipated 100/20 Mbps standard that the FCC is poised to adopt before this case concludes.¹⁸

5 FTC’s rate design includes the five categories of regulated revenue used in intrastate
6 ratemaking, consistent with Commission precedent over the past three decades: (1) local network
7 services revenue from FTC’s end user customers based on anticipated demand at proposed rates,
8 including the proposal to update FTC’s basic residential rates from \$25.00 to \$26.00; (2) intrastate
9 switched and special access, intercarrier compensation, and intrastate access replacement funding;
10 (3) High Cost Loop Support (“HCLS”), forecasted by applying the FCC’s algorithm in 47 C.F.R.
11 Section 54.1300, *et seq.* to the best available information regarding the inputs to that formula; (4)
12 miscellaneous revenues classified as intrastate; and (5) CHCF-A, prior to applying broadband
13 imputation.¹⁹ FTC has proposed a \$1.00 increase in basic residential rates, but it also proposes to
14 incorporate all custom calling features and voice mail into basic rates for both residential and
15 business service, thereby giving customers more for their money. FTC’s rate design is
16 summarized as follows, reflecting the company’s revenue needs to fulfill its reasonable regulated
17 costs of service, without incorporating broadband imputation:

18
19 _____
20 Clark’s opening testimony, this trend is the result of an increase in “broadband only” lines. *See Clark*
Opening Testimony at 25.

21 ¹⁸ See FCC DOC-385322A1, July 15, 2022 News Release (noting that FCC Chairwoman Rosenworcel has
22 circulated a “Notice of Inquiry” that “proposes to increase the national broadband standard to 100 megabits
per second for download and 20 megabits per second for upload” and “proposes to set a separate national
goal of 1 Gbps/500 Mbps for the future.”), available at:

23 <https://www.fcc.gov/document/chairwomanrosenworcel-proposes-increase-minimum-broadband-speeds>.

24 ¹⁹ “Broadband imputation” involves a mandatory dollar-for-dollar reduction in CHCF-A in the amount of
25 “net revenues” generated by Audeamus from offering retail broadband service in FTC’s service territory
based on 2020 financial results, to the extent that Audeamus relies on FTC’s local loop facilities. D.21-04-
005, at 23-24 (OP 1). Audeamus’ revenues are derived from unregulated operations that are beyond the
26 Commission’s public utility authority and subject to interstate jurisdictional determinations enunciated by
the FCC. Therefore, they cannot be counted as “intrastate revenue” and are not appropriate for inclusion in
intrastate “rate design.” Further, Audeamus’ implementation of Consumer Broadband Only Lines
27 (“CBOL”) changes the underlying costs for each “broadband only” line, making each line a wholly
interstate cost. Even if broadband imputation survives the current legal challenge from the Independent
28 Small LECs, imputation of revenues that are derived from wholly interstate circuits that involve exclusively
interstate cost recovery would be inappropriate. FTC has applied this methodology in its ratemaking
calculations with adjustments for the “broadband only” lines, which are purely interstate.

Operating Revenues Before Imputation	
Local Revenue	\$536,399
HCLS/Federal USF	\$779,559
CHCF-A Pre-Imputation	\$2,216,146
Intrastate Network Access Revenues	\$141,640
Miscellaneous Revenues	\$49,683
Less: Uncollectible Revenues	(\$1,028)

Using the above CHCF-A figures as a starting point, FTC then accounts for the effects of imputation through a bottom line adjustment to CHCF-A, producing an overall rate design that does not meet the company's revenue needs, fails to recover its costs of service, and leaves it significantly below its authorized rate of return, as follows:²⁰

Shortfalls in Revenues and Returns Under Imputation	
CHCF-A without Imputation	\$2,216,146
Net Allocated Broadband Revenue in Telephone Company Territories (voice/BB lines)	<<START CONFIDENTIAL [REDACTED] END CONFIDENTIAL>>
CHCF-A with Imputation	<<START CONFIDENTIAL [REDACTED] END CONFIDENTIAL>>
Intrastate Regulated Revenue Requirement	3,722,399
Intrastate Revenue after Imputation	<<START CONFIDENTIAL [REDACTED] END CONFIDENTIAL>>
Authorized Rate of Return	8.99%
Rate of Return with Imputation, including the adjustment for "broadband only" lines.	<<START CONFIDENTIAL [REDACTED] ²¹ END CONFIDENTIAL>>

²⁰ D.16-12-035 at 58 (OP 1(g)) (adopting cost of capital of 8.99% for FTC). The shortfalls in rate design and rate of return are the consequence of broadband imputation. As explained above, if the broadband imputation policy is annulled or reversed, FTC reserves the right to request the full amount of CHCF-A necessary to allow its rate design to equal its revenue requirement.

²¹ If revenues from "broadband only" lines are included in FTC's broadband imputation calculations, its revenue shortfall for the test year is <<START CONFIDENTIAL [REDACTED] END CONFIDENTIAL>> and its projected rate of return after considering imputation would be <<START CONFIDENTIAL [REDACTED] END CONFIDENTIAL>>.

1 This Application is backed by extensive documentation, straightforward calculations, and
2 the testimony of three company witnesses and one expert witness, as follows:

3 (1) **Rhonda Armstrong**, FTC's Vice President of Administrative Services, provides
4 an overview of FTC's service territory and operations, summarizes its ratemaking
5 proposal, and addresses the need for rates to remain affordable in the company's
6 service territories.

7 (2) **David Clark**, FTC's Regulatory Manager, provides the calculations to support
8 FTC's ratemaking proposals, outlines the company's proposed end user rates and
9 overall rates structures; addresses the company's cost allocations, and affiliate
10 transactions, discusses the company's rate base, anticipated plant additions, overall
11 network improvement plans, and summarizes the company's strong service quality
12 record.

13 (3) **Tom Dominico**, Vice President of Technology, explains the company's proposed
14 infrastructure expenditures and capital construction and underscore the critical need
15 for these investments and describes the company's safety practices and emergency
16 response protocols; and

17 (4) **Dr. Lehman**, an economist and expert on affordability of utility service, explains
18 why FTC's rates should not be increased beyond the \$1.00 proposed increase that
19 FTC has presented for basic residential rates.

20 FTC's testimony has been served contemporaneously with this Application on the Commission's
21 Communications Division, Cal Advocates, and the Administrative Law Judge ("ALJ") Division.

22 **II. LEGAL REQUIREMENTS AND RATEMAKING STANDARDS.**

23 The ratemaking standards governing this case derive from three sources: constitutional
24 authorities, statutory requirements, and the Commission's directives implementing rate-of-return
25 regulation and the CHCF-A program. FTC believes that some of the Commission's regulations
26 adopted in the CHCF-A rulemaking (R.11-11-007) materially conflict with constitutional and
27 statutory standards, but FTC has nevertheless applied these rules in this Application.
28

1 **A. Constitutional Standards.**

2 Constitutional requirements focus on ensuring that regulated utilities have a fair
3 opportunity to earn a reasonable return on their investments in property that they put to public use.
4 Where a state commission adopts a utility rate structure that fails to “afford sufficient
5 compensation,” it has illegally appropriated “the use of utility property without paying just
6 compensation and so violated the Fifth and Fourteenth Amendments.” *Duquesne Light Co. v.*
7 *Barasch*, 488 U.S. 299, 308 (1989); *see also Federal Power Commission v. Hope Natural Gas*
8 *Co.*, 320 U.S. 591, 603 (1944); *Bluefield Water Works & Improvement Co. v. Pub. Service*
9 *Comm’n of West Virginia*, 262 U.S. 679, 690-693 (1923); Cal. Const., art. I, § 19. If a
10 Commission-imposed rate structure leaves a company with “insufficient operating capital or . . .
11 impeded[es] [the] ability to raise future capital,” or if a rate would be “inadequate to compensate
12 current equity holders for the risks associated with their investments,” the rate structure is
13 unconstitutional. *Id.* at 312.²²

14 These constitutional standards are paramount and govern this ratemaking matter; however,
15 some of the regulatory requirements adopted in Phase 2 of the CHCF-A rulemaking conflict with
16 these constitutional standards by artificially understating FTC’s revenue requirements and
17 institutionalizing shortfalls in the revenue needed to fulfill those revenue requirements. The
18 Commission’s current rules will deny FTC its constitutionally-guaranteed reasonable opportunity
19 to achieve earnings needed to provide adequate service to its subscribers, cover its costs and tax
20 liabilities, and fairly compensate its investors for investments in public utility plant.

21 **B. Statutory Standards.**

22 FTC’s ratemaking proposals are crafted in accordance with the primary statutory direction
23 governing the development of ratemaking metrics and rate structures for “small independent
24 telephone corporations,

25 ” Public Utilities Code Section 275.6. By law, the Commission must:
26 Employ rate-of-return regulation to determine a small independent telephone
 corporation's revenue requirement in a manner that provides revenues and earnings

27 ²² Separately, a *per se* taking results when a governmental agency physically takes possession of an interest
28 in property for an actual or alleged public purpose. *Brown v. Legal Foundation of Washington*, 538 U.S.
216, 233-234 (2003) (analyzing legal authority for *per se* takings); *Loretto v. Teleprompter Manhattan*
CATV Corp., 458 U.S. 419 (1982).

1 sufficient to allow the telephone corporation to deliver safe, reliable, high-quality
2 voice communication service and fulfill its obligations as a carrier of last resort in its
3 service territory, and to afford the telephone corporation a fair opportunity to earn a
reasonable return on its investments, attract capital for investment on reasonable
terms, and ensure the financial integrity of the telephone corporation.

4 Pub. Util. Code § 275.6(c)(2). The cornerstone of the ratemaking process for small independent
5 telephone companies is the computation of a reasonable “revenue requirement” that reflects a
6 company’s reasonable costs of service, including a reasonable return on the company’s
7 investments. Pub. Util. Code § 275.6(b)(5). Once a “revenue requirement” is established, the
8 Commission must “then fashion[] a rate design to provide the company a fair opportunity” to earn
9 a reasonable rate of return on its rate base. Pub. Util. Code § 275.6(b)(4)-(5).

10 In applying rate-of-return regulation to small independent telephone corporations, the
11 Commission must also ensure that customer rates are “just and reasonable” and “reasonably
12 comparable” to urban rates. Pub. Util. Code § 275.6(c)(3). It must “[p]romote customer access to
13 advanced services and deployment of broadband-capable facilities,” include “all reasonable
14 investments necessary to provide for the delivery of high-quality voice communication services
15 and the deployment of broadband-capable facilities in . . . rate base,” and provide sufficient
16 CHCF-A support to “supply the portion of the revenue requirement that cannot reasonably be
17 provided by the customers of each small independent telephone corporation after receipt of federal
18 universal service rate support.” Pub. Util. Code §§ 275.6(c)(4)-(6). These ratemaking features are
19 dictated by statute and non-waivable.

20 **C. Phase 1 and Phase 2 Decisions in CHCF-A Rulemaking.**

21 The CHCF-A rulemaking, R.11-11-007, has been open for nearly 11 years, and it has
22 resulted in three significant decisions modifying the substantive ratemaking standards for small
23 independent telephone corporations, including FTC. First, the Commission issued the Phase 1
24 Decision, D.14-12-084, which provided the ratemaking foundation for FTC’s last rate case.
25 Second, the Commission issued its Phase 2 “Broadband Imputation Decision,” D.21-04-005,
26 authorizing reductions in CHCF-A based on the net profits of ISP affiliates of small independent
27 telephone corporations. Third, the Commission issued a “Phase 2 Ratemaking Decision,” D.21-
28 06-004, implementing additional changes to the treatment and calculations of expenses,

1 investments, and rates in the upcoming round of rate cases for small independent telephone
2 corporations. The Phase 2 Ratemaking Decision was later modified and clarified in minor
3 respects in response to the Independent Small LECs' request for rehearing. *See* D.22-02-027 at 8-
4 10 (OP 1-2). Collectively, these three decisions enunciate four main directives that are relevant to
5 this rate case:

6 **1. "Range of Reasonableness" for Customer Rates:** The Phase 1 Decision adopted
7 a "range of reasonableness" for end user rates of \$30 to \$37. D.14-12-084 at 102 (OP 9). The
8 Phase 2 Ratemaking Decision modified the "range of reasonableness" to reflect a range of "all-
9 inclusive" basic residential rates of \$30 to \$40. D.21-06-004 at 42 (OP 3). This decision defines
10 the "all-inclusive" residential basic service rate to include "[a]ll telephone access charges,
11 including the Subscriber Line Charge," all Commission-mandated public policy fund surcharges,
12 the 911 surcharge, and the CPUC user fee. D.21-06-004 at 41 (OP 1).

13 **2. Expense Caps:** The Phase 1 Decision applied the FCC's corporate expense cap to
14 intrastate ratemaking, even though that mechanism was developed strictly for federal high-cost
15 support purposes. D.14-12-084 at 100-101 (OPs 2-3). Based on the Phase 1 Decision, corporate
16 expenses were presumed to be limited to the formulaic output of the cap, but the results of this
17 limitation could be rebutted with evidence showing that a level of expense above the cap would be
18 reasonable. *Id.* at 28-29. In the Phase 2 Ratemaking Decision, the Commission confirmed the
19 imposition of the corporate expense cap, but removed the rebuttable presumption, making the cap
20 "non-rebuttable." D.21-06-004 at 43 (OP 6). In addition, in Phase 2 of the CHCF-A rulemaking,
21 the Commission imported another federal expense limitation into intrastate ratemaking, applying
22 the FCC's "operating expense limitation" as a non-rebuttable restriction on overall intrastate
23 operating expenses. *Id.* at 43 (OP 7). In adopting these rigid expense limitations, the Commission
24 also foreclosed separate recovery of rate case expense, which means FTC must adjudicate this
25 formal case without any support through its rates, high-cost support, or other regulated revenues.
26 *Id.* at 24 ("we clarify that rate case litigation expense is subject to the corporate expense cap and
27 must be recorded in FCC Account 6720").²³

28 ²³ The Commission's treatment of rate case expense is at odds with constitutional requirements, as

1 **3. Rate Base Calculations Using NECA Cost Study:** The Phase 2 Ratemaking
2 Decision requires the use of the most recent National Exchange Carrier Association (“NECA”)
3 cost study as the “starting point” for each company’s proposed rate base for its test year, subject to
4 reasonable adjustments for changes that have occurred since the date of the NECA cost study,
5 including plant additions and retirements. ²⁴ *Id.* at 44 (OP 10), 40 (COLs 9-10). The NECA cost
6 study is also the source of the jurisdictional factors used to determine the intrastate component of
7 FTC’s operations. *Id.* at 43 (OP 8).

8 **4. Broadband Imputation:** The Phase 2 Broadband Imputation Decision requires
9 the imputation of Internet access revenues as a reduction to CHCF-A support. The imputation
10 mechanism encompasses “all reasonable positive retail broadband-related revenues” of a small
11 independent telephone corporation’s ISP affiliate “for the calendar year immediately preceding the
12 filing of the GRC application.” D.21-04-005 at 23-24 (OP 1). The imputed broadband revenues
13 shall not include “revenues derived from areas outside of the Small ILEC’s telephone service
14 territory and revenues resulting from alternative service platforms that are not based upon the
15 Small ILEC’s local exchange facilities.” *Id.* Revenues and costs should also be excluded from the
16 broadband imputation calculation where they pertain to exclusively interstate facilities. *See* D.21-
17 08-042 at 18 (clarifying on rehearing that broadband imputation only applies “[t]o the extent there
18 are retail revenues associated with CBOL that are attributable to CHCF-A funded broadband-
19 capable facilities”).

20 The Commission’s decisions in the CHCF-A proceeding also address other ratemaking
21 issues, including confirming the treatment of license and lease revenue under NECA Reporting
22 Guideline 8.3, establishing the factors to evaluate investments in broadband-capable facilities, and

23 _____
24 articulated by the United States Supreme Court. As the Supreme Court has found, in a “proceeding by a
25 commission to determine [the] reasonableness” of regulated utility rates, “the utility should be allowed the
26 fair and proper expenses for presenting its side to the commission.” *Driscoll v. Edison Light & Power Co.*,
27 307 U.S. 104, 120-121 (1939); *see also West Ohio Gas Co. v. Public Utilities Comm’n of Ohio*, 294 U.S.
28 63, 73-74 (1935) (invalidating utility rate structure that did not provide recovery for rate case expense).
²⁴ NECA is an independent association that performs certain administrative, tariffing, and interstate
ratemaking functions on behalf of the FCC. *See* 47 C.F.R. § 69.601. Among other duties, NECA collects
cost information from rural telephone companies for use in computing interstate revenue requirements and
determining eligibility and the extent of companies’ needs for federal high-cost support. *See* 47 C.F.R. §§
54.1305 (describing cost information submitted to NECA), 54.1307 (mandating submission of cost
information to the FCC).

confirming the conditions under which reductions in federal funding can be recovered. *See* D.21-04-006 at 42 (OP 4); D.14-12-084 at 62, 71. FTC will discuss these additional standards to the extent that they are relevant to the proposals presented herein.

III. RATEMAKING PROPOSAL FOR TEST YEAR 2024.

FTC's ratemaking proposal is consistent with the Commission's directives, including the requirements in Phases 1 and 2 of the CHCF-A proceeding. Although FTC believes that some of the Commission's policies violate statutory and/or constitutional requirements, and FTC reserves all rights with respect to those issues, it has followed the Commission's directives in crafting its proposed revenue requirement and rate design. If the Commission's CHCF-A Phase 2 requirements are annulled or modified in the future, FTC will seek appropriate adjustments to its ratemaking calculations at that time.

A. Revenue Requirement.

Consistent with statutory and constitutional ratemaking standards, FTC's revenue requirement includes: (1) operating expenses, as limited by the corporate expense cap and operating expense limitation; (2) return on rate base, with a rate of return computed using the Commission's currently-authorized cost of capital percentage of 8.99%; and (3) tax liabilities, using the current corporate tax rates.²⁵ The following equation summarizes FTC's revenue requirement:

$$\text{Revenue Requirement} = \text{Operating Expenses} + (\text{Cost of Capital} \times \text{Rate Base}) + \text{Tax Liability}$$

FTC's revenue requirement is reasonable, prudent, and accurate as a measurement of the costs it is likely to experience in test year 2024—within the parameters of the Commission's restrictions on corporate and operating expenses. The extensive testimonial and documentary

²⁵ *See* Pub. Util. Code § 275.6(b)(5) ("revenue requirement" means "amount that is necessary for a telephone corporation to recover its reasonable expenses and tax liabilities and earn a reasonable rate of return on its rate base."); *see also* Pub. Util. Code § 275.6(c)(2) (summarizing the function of revenue requirement, including ensuring "revenues and earnings sufficient to allow the telephone corporation to deliver safe, reliable, high-quality voice communication service" and "afford the telephone corporation a fair opportunity to earn a reasonable return on its investments."); *Hope Natural Gas, supra*, 320 U.S. at 603 (emphasizing constitutional requirement to ensure "financial integrity" of the utility in ratemaking); *Calaveras Telephone Co. v. Pub. Util. Comm'n*, 39 Cal.App.5th 972, 976 (2019) ("revenue requirement is the amount a telephone corporation needs to recover its 'reasonable expenses and tax liabilities and earn a reasonable rate of return on its rate base,' *i.e.*, investments").

1 evidence supplied with this Application amply demonstrates the reasonableness of FTC’s costs for
2 the test year. The result of these costs is FTC’s intrastate revenue requirements of \$3,722,399,
3 which should be adopted as the revenue target for its 2024 rate designs. The following discussion
4 addresses the components of the revenue requirement.

5 **1. FTC’s Intrastate Operating Expenses Are Computed Using the**
6 **Expense Caps Adopted in Phase 2 of the CHCF-A Proceeding, With**
7 **Appropriate Inflationary Adjustments to Grow the Historical Caps**
8 **Into the 2024 Test Year.**

9 Based on constitutional and statutory ratemaking standards, FTC is entitled to recover its
10 reasonable operating expenses in connection with providing regulated local exchange service.
11 Pub. Util. Code § 275.6(b)(5). However, rather than evaluating the reasonableness and prudence
12 of FTC’s specific expenses, the Commission has chosen a formulaic approach to identifying
13 recoverable expenses. First, the Commission requires that the companies apply the FCC’s
14 “corporate expense cap.” D.21-06-004 at 43 (OP 6). Second, the Commission has directed small
15 independent telephone corporations to “adhere to the [FCC’s] standards for operating expense
16 limits in their General Rate Cases.” *Id.* at 43 (OP 7). Neither of these federal restrictions on
17 recoverable expenses were designed to apply to intrastate operations, and their imposition on
18 intrastate expenses results in arbitrary exclusions of expenses that are necessary for FTC to
19 provide regulated telephone service in California. These caps do not account for the high cost of
20 living in California or the intensive regulatory environment in which FTC operates. Nevertheless,
21 the Commission has deemed these limitations to be “non-rebuttable” such that “expenses above
22 those limits will be considered unreasonable.” *Id.* (OPs 6-7).

23 Despite FTC’s objections to the use of these arbitrary expense caps, FTC has faithfully
24 applied them in its calculations of intrastate operating expenses and corporate expenses for test
25 year 2024. These limitations are calculated on a “total company” basis for each company, and
26 then the total expenses are subjected to the jurisdictional separations process, ensuring that only
27 the capped intrastate expenses are included in FTC’s intrastate ratemaking calculations. FTC’s
28 actual intrastate corporate expenses for 2024 are anticipated to be \$867,250, but the corporate

1 expense cap restricts the recoverable portion of those expenses to \$818,298.²⁶ *See Clark Opening*
2 *Testimony*, Exhibit DC-2, Schedule “Corp Ops Exp Cap.” FTC’s actual intrastate operating
3 expenses applicable to the operating expense cap calculation for 2024 are expected to be
4 \$2,254,101, whereas FTC’s intrastate capped operating expenses are \$2,087,147²⁷. *See Clark*
5 *Opening Testimony*, Exhibit DC-2, Schedule “Op Ex Cap.”

6 In computing the appropriate expense caps for the 2024 test year, FTC has applied
7 appropriate inflationary adjustments to ensure that the outputs of the formulas match the 2024 test
8 year as opposed to the historical time periods from which the formulas are derived. Both the
9 corporate expense cap and the operating expense limitation are inherently backward-looking
10 metrics, as both are applied in the context of NECA cost studies, which rely on two-year-old
11 expense data.²⁸ The Commission recognized this disconnect in FTC’s last rate case, noting that
12 “[t]o adjust the operating expense cap with a future test year, NECA’s inflation factor should be
13 added to the FCC’s operating expense cap to true-up the historical data.” D.21-06-004 at 27; *see*
14 *also* D.19-04-017 at 74 (“Foresthill’s higher adjusted price per loop is appropriate for the test year
15 as it accounts for the two-year lag between when costs are reported to NECA for HCLS and a
16 NECA-provided inflation factor.”).

17 As of the date of this application, the most recent NECA inflation factors only provide
18 updates to the Gross Domestic Product-Chained Price Index (“GDP-CPI”) through calendar year
19 2021, three years short of the 2024 test year. FTC’s most recent NECA cost study is the
20 submission made to NECA in July 2022, which will inform the cost determinations that NECA

21 ²⁶ FTC notes that these figures include an estimate of rate case expense, reflecting the reasonably
22 anticipated cost of this regulatory process, amortized over a five-year period. *See Clark Opening*
23 *Testimony*, Exhibit DC-2, Schedule “2024 Projection.” Based on FTC’s experience the total rate case
24 expense associated with this application proceeding is anticipated to be at least \$1,000,000 divided equally
25 by KTC and FTC. By applying the expense caps without any adjustment, the Commission has
26 systematically excluded recovery of this critical expense, forcing FTC to navigate this costly process
27 without support. This result is contrary to standard rate-of-return regulatory principles across utility
28 sectors, which recognize rate case expense as a reasonable expense. *See* D.96-12-074 at 12-13; D.14-12-
038 at 13-14; D.05-08-004 at 18-19; and D.16-07-003 at 50-51.

²⁷ These operating expense figures reflect the capped corporate operations expense amount produced by the
operating expense cap.

²⁸ *See* 47 C.F.R. §§ 54.1305 (noting that NECA cost studies are submitted on July 31st and rely on data
from the previous calendar year), 54.1307 (NECA provides October 1 submission to establish federal
support for upcoming year), 54.1308(a)(4) (applying corporate expense cap to historical cost study data),
54.303 (applying operating expense limitation “for purposes of calculating universal service support”).

1 makes in connection with setting FTC’s respective HCLS support for 2023. The cost study
2 submitted in July 2022 relies on expense data from 2021, consistent with FCC rules. *See* 47
3 C.F.R. § 54.1305. The inflationary factor released in NECA’s October 1 submission to the FCC
4 updates the expense caps to match the 2021 data FTC submitted with its cost 2021 study.
5 However, to properly reflect 2024 expenses, it must be updated for three years of inflation to
6 account for increased expenses during 2022, 2023, and 2024. This update is especially important
7 given the extreme level of inflation that the U.S. economy is experiencing. The details reflecting
8 these adjustments are set forth in Mr. Clark’s testimony. *See Clark Opening Testimony*, Exhibit
9 DC-2, Schedule “Proj Grwth Rates.” As Mr. Clark explains, NECA issued a letter to its
10 California members in August 2022 to confirm the historical vintage of the inflation factors,
11 consistent with FTC’s explanation here. *Clark Opening Testimony* at 56-57.

12 While FTC does not agree with the use of formulaic expense caps for the 2024 test year,
13 the Commission should ensure that the efficiency objectives underlying this mechanical approach
14 are realized in this case. Based on the characterization of these caps as “non-rebuttable” and the
15 Commission’s stated goal of using the expense caps to “streamline the GRC process,” there should
16 be no debate in this proceeding over the appropriate level of FTC’s expenses. D.21-06-004 at 34.
17 The Commission should simply apply the formulas and adopt the resulting figures, subject to the
18 inflationary adjustments noted above. Importantly, the Commission expressed an expectation that
19 the use of these caps would “eliminate or reduce the number of data requests that are generally
20 provided during a typical GRC.” *Id.* at 27. In FTC’s most recent rate case, Cal Advocates
21 propounded dozens of detailed data requests addressing expenses, greatly increasing rate case
22 expense. The Commission should closely monitor discovery in this proceeding to avoid this result
23 here, consistent with its reasoning behind the expense caps.

24 **2. FTC’s Depreciation Expense Is Backed by a Depreciation Study**
25 **Reflecting Established Methods for Measuring the Diminution in Value**
of FTC’s Plant Over Time.

26 As part of the “reasonable expenses” included in FTC’s revenue requirement, FTC expects
27 to experience \$584,460 in intrastate depreciation expense for FTC during the test year. Pub. Util.
28 Code § 275.6(b)(5) (authorizing inclusion of all “reasonable expenses” in revenue requirement).
Consistent with federal regulations, these figures reflects the “loss not restored by current

1 maintenance, incurred in connection with the consumption or prospective retirement of
2 telecommunications plant in the course of service” 47 C.F.R. § 32.9000. The inevitable
3 diminution in the value of plant over time reduces a utility’s rate base and produces a
4 corresponding depreciation expense for the test year.²⁹ Both impacts have been incorporated into
5 FTC’s revenue requirement calculations.

6 Mr. Clark has conducted a comprehensive depreciation study to determine the remaining
7 useful life of FTC’s assets and the rates at which those assets are losing value. Pursuant to FCC
8 rules and Commission precedent, the study computes depreciation “in conformity with a group
9 plan of accounting.” 47 C.F.R. § 32.2000(g)(1). This “group plan” is a “mass asset” depreciation
10 method, by which assets with common characteristics are evaluated collectively to identify the rate
11 at which each “class” of assets loses value. The “classes” of assets used in the calculation are
12 defined by the plant accounts in the FCC’s Uniform System of Accounts (“USOA”) in Part 32 of
13 the FCC’s rules. *See* 47 C.F.R., Subpart C, § 32.2000, *et seq.* Mr. Clark has analyzed the useful
14 life of FTC’s assets in each of these categories and has projected the effects of depreciation on the
15 assets up to and including the test year. The depreciation study also accounts for anticipated plant
16 additions and retirements through the end of 2023, the year before the test year.

17 The depreciation rates and lives stemming from Mr. Clark’s study are set forth in Exhibit
18 DC-2 to his testimony. *Clark Opening Testimony*, Exhibit DC-2, Schedules “DeprComp,” “SL
19 Method,” “AddsRetires,” “Composite.” These same rates are replicated in **Exhibit B** to this
20 Application for ease of reference. FTC asks that these modified rates be adopted and that the
21 resulting depreciation expenses be included in FTC’s intrastate revenue requirements.

22 **3. FTC’s Rate Base Figures Reflect Historical Net Plant Figures**
23 **Combined with Critical Plant Additions Necessary to Satisfy Forward-**
24 **Looking Customer Demand, Comply with Regulatory Requirements,**
Promote Network Resiliency, and Fulfill State Universal Service Policy
Objectives.

25 Rate base consists of the net, depreciation-adjusted value of the assets that a company has
26 dedicated to public service combined with the reasonably foreseeable value of plant additions
27 needed during the test year. *Pacific Tel. & Tel. Co. v. Pub. Util. Comm’n*, 62 Cal.2d 634, 644-645

28 ²⁹ *See* D.04-05-055 at 48-49 (“[d]epreciation expense is a function of plant in service, the rate at which various classes of plant are expected to depreciate (service lives), and estimated salvage value.”).

1 (1965) (rate base is the “value of property devoted to public use” less depreciation). In exercising
2 its ratemaking authority, the Commission must take steps to “[p]romote customer access to
3 advanced services and deployment of broadband-capable facilities in rural areas” Pub. Util.
4 Code § 275.6(c)(5). By law, the Commission must “[i]nclude all reasonable investments
5 necessary to provide for . . . the deployment of broadband-capable facilities in the rate base of
6 small independent telephone corporations.” Pub. Util. Code § 275.6(c)(6). In computing rate
7 base, the Commission must also approve investments that are “reasonably necessary to provide
8 regulated voice services and access to advanced services.” Pub. Util. Code § 275.6(b)(2); *see also*
9 Pub. Util. Code § 275.6(c)(2) (requiring the Commission to employ rate-of-return regulation to
10 provide for safe, reliable, high-quality voice service). As part of promoting reliable service, the
11 Commission has strongly encouraged carriers to invest in resilient infrastructure with physical and
12 functional redundancy, to ensure that networks remain viable during emergencies.³⁰

13 Consistent with this Legislative and regulatory policy direction, FTC is pursuing FTTP
14 upgrades and other network improvements to equip its networks with enhanced resiliency,
15 additional broadband capabilities, and forward-looking scalability to enable safe, reliable voice
16 service and an evolving level of access to advanced services. These investments are essential for
17 meeting current and forward-looking customer needs and to comply with current and forward-
18 looking regulatory requirements. *See Dominico Opening Testimony* at 10-11; *see also* D.14-12-
19 084 at 96 (COL 17) (permitting “reasonable investments necessary to provide for the delivery of
20 high-quality voice communication services and the deployment of broadband-capable facilities in .
21 . . . rate base.”). FTC’s proposed FTTP investments will enhance broadband capabilities and
22 provide for more reliable voice connections, so they are appropriate for inclusion in rate base in
23 accordance with statutory directives.

24 State and federal policy support FTC’s planned broadband-capable investments as part of

25
26 ³⁰ *See Order Instituting Rulemaking Regarding Emergency Disaster Relief Program*, R.18-03-011,
27 *Decision Adopting Wireline Resiliency Strategies*, D.21-02-029; 2021 Cal. PUC LEXIS 72 at *108 (“The
28 wireline providers – in coordination with emergency responders and each level of government – have a
responsibility to prepare and leverage technologies to mitigate and prevent the disruption of service
the wireline providers should strive toward immediate recovery from disruption of their network and
minimize the likelihood of outages to end users. Regrettably the infrastructure investments for wireline
network resiliency cannot be made overnight.”).

1 an effort to bridge the “digital divide.” *See* Pub. Util. Code § 709(d) (expressing California policy
2 of bridging the “digital divide” by “encouraging expanded access to state-of-the-art technologies
3 for rural . . . Californians.”). In 2018, the FCC explained that “access to 25/3 Mbps broadband
4 service is not a luxury for urban areas, but important to Americans wherever they live.”³¹ Since
5 that time, FCC Chairwoman Rosenworcel has pushed for higher minimum speed standards, noting
6 that “[t]he 25/3 metric isn’t just behind the times, it’s a harmful one because it masks the extent to
7 which low-income neighborhoods and rural communities are being left behind and left offline.”³²
8 FTC’s network advancements will further California’s and the FCC’s important policy objectives,
9 anticipate future broadband requirements, and address forward-looking customer needs. *See*
10 *Dominico Opening Testimony* at 7, 10-11. Moreover, both federal and state policy are moving
11 toward a goal of 100 Mbps download as the new minimum broadband capability objective.³³

12 Currently, the FCC conditions federal high-cost funding upon the fulfillment of broadband
13 deployment objectives for “Eligible Telecommunications Carriers” like FTC, including meeting
14 minimum broadband speed standards of 25 Mbps download and 3 Mbps upload. *ETC Reform*
15 *Order* at ¶¶ 3, 101. Based on recent signals from the FCC, this threshold will soon be changed to
16 100/20 Mbps.³⁴ As minimum speed capability thresholds increase to 100/20 Mbps and beyond,
17 only fiber investments will allow FTC to satisfy regulatory demands and customer needs.
18 *Dominico Opening Testimony* at 10-11. For many years, FTC has been pursuing an incremental
19 approach to network modernization, with a focus on pushing fiber closer and closer to customer
20

21 ³¹ *ETC Reform Order* at ¶ 3; *see also In the Matter of Inquiry Concerning Deployment of Advanced*
22 *Telecommunications Capability to All Americans in a Reasonable and Timely Fashion*, GN Docket No. 20-
23 *269, Fourteenth Broadband Deployment Report*, FCC 21-18 (rel. Jan. 19, 2021) (“*2021 Broadband*
Deployment Report”) at ¶¶ 4, 9 (despite significant improvements, “it remains the case that rural and Tribal
areas continue to lag behind in broadband deployment” and “our work to close the digital divide is not
complete”).

24 ³² *See* FCC DOC-385322A1, *July 15, 2022 FCC News Release*, available at:
25 <https://www.fcc.gov/document/chairwoman-rosenworcel-proposes-increase-minimum-broadband-speeds>.

26 ³³ *See Governor Newsom Executive Order* N-73-20 (“[D]eploying affordable and reliable broadband
27 networks throughout California will accelerate continuous improvements in economic and workforce
development, infrastructure, public safety, education, economy, and an engaged citizenry.”); Pub. L. 117-
58 (2021), § 60102 (federal infrastructure legislation defined “underserved” areas to be those with speeds
of less than 100 Mbps download and 20 Mbps upload for the purpose of broadband grant proposals); *see*
28 *also* 47 U.S.C. § 1702.

³⁴ *See* FCC DOC-385322A1, *July 15, 2022 FCC News Release* (confirming FCC intent to move toward
100/20 Mbps minimum speed capability standard).

1 locations. The time has come to complete this vision by installing FTTP to substantially all
2 locations. Failing to make the necessary investments to enable FTTP would likely result in
3 reductions in federal support for non-compliance with FTC’s forward-looking ETC obligations.³⁵

4 Any resulting reductions in federal support would put further strain on other intrastate revenue
5 sources to fulfill FTC’s revenue requirements, including end user revenues and the CHCF-A.³⁶

6 FTC’s test year projects and network upgrades also address the factors set forth in the
7 Phase 1 CHCF-A decision for evaluating broadband capable network investments—including
8 regulatory requirements, customer demand, network redundancy, public safety, service quality,
9 and the presence of anchor institutions. D.14-12-084 at 71, 102 (OP 10). An FTTP architecture
10 will position FTC to meet forward-looking demand as speed requirements continue to advance.
11 *See Dominico Opening Testimony* at 10-11 (explaining customer demand for higher speeds and
12 more reliability). As FTC’s witnesses explain, its FTTP investments will provide critical social,
13 economic, educational, network redundancy, public safety and enhanced service quality benefits.
14 *See Dominico Opening Testimony* at 6-16; *Armstrong Opening Testimony* at 8-10; *see also*
15 Executive Order N-73-20 (“deploying affordable and reliable broadband networks throughout
16 California will accelerate continuous improvements in economic and workforce development,
17 infrastructure, public safety, education, economy, and an engaged citizenry.”).

18 These benefits are especially critical now because many of FTC’s customers need robust
19 broadband services for distance learning, remote work and telehealth. In FTC’s rural service
20 territories, where wireless service is not consistently reliable and FTC is the only reliable wireline
21 carrier willing to serve its service territory, FTC broadband-capable network was already essential.
22 The omnipresent threat of wildfires and the effects of the COVID-19 pandemic only underscored
23 this reliance, making it vital that FTC has the tools to continue investing in its service areas. *See*

25 ³⁵ *See* 47 C.F.R. § 54.313(f)(1)(i) (summarizing certification that ETCs must make that they are "taking
26 reasonable steps" to fulfill requests for service at FCC-specified levels); *see also* 47 C.F.R. § 54.320
(imposing penalties for falling short of build-out milestones).

27 ³⁶ *See* Pub. Util. Code § 275.6(c)(4) (CHCF-A must “supply the portion of the revenue requirement that
28 cannot reasonably be provided by the customers . . . after receipt of federal universal service rate
support.”); 47 C.F.R § 54.320 (c) (“carriers authorized to receive high-cost support that fail to comply with
public interest obligations or any other terms and conditions may be subject to . . . potential revocation of
ETC designation.”).

1 *id.* (noting that “the COVID-19 pandemic has amplified the extent to which broadband is essential
2 for public safety, public health, and economic resilience.”); *2021 Broadband Deployment Report*
3 at ¶1 (“With many jobs, schools, and healthcare services shifting to virtual environments in the
4 wake of the ongoing COVID-19 pandemic, the need to deliver broadband connectivity across
5 America has never been greater.”). The recent Mosquito Fire illustrated this point; if FTC did not
6 have sufficient revenues to support its ongoing operations, proactive resiliency efforts, and service
7 restoration protocols, it would not have been able to respond effectively to the emergency, and the
8 customer impacts could have been far more severe. *Dominico Opening Testimony* at 5, 12, 15-16.
9 In evaluating this application, the Commission should carefully consider the forward-looking costs
10 that will be necessary to ensure FTC is ready to respond expeditiously and fully to the next
11 wildfire and beyond.

12 **4. FTC’s Revenue Requirement Includes a Return on Rate Base Using the**
13 **Current Commission-Adopted Cost of Capital.**

14 The “return on rate base” component of FTC’s revenue requirement is computed by
15 multiplying the 2024 rate base by the overall cost of capital percentage established for FTC in
16 D.16-12-035. *See* Pub. Util. Code § 275.6(b)(5) (recognizing “return on rate base” as a revenue
17 requirement element); D.16-12-035 at 58 (OP 1(g)) (adopting a 8.99% cost of capital for FTC).
18 FTC, along with the other nine Independent Small LECs, have filed a separate application to
19 determine a new cost of capital, which FTC expects to be implemented in its 2024 test year.³⁷
20 Until that new cost of capital is established, FTC will continue to use its existing Commission-
21 approved percentages in the calculations that inform this rate case.

22 FTC notes that the investment component of FTC’s revenue requirement includes only a
23 “return on rate base,” as authorized by the governing statute. *See* Pub. Util. Code § 275.6(b)(5).
24 Neither FTC’s overall revenue requirement nor any of the individual components of the revenue
25 requirement constitute capital contributions. Rather, investment capital is supplied by the
26 company either from retained earnings or from loans. Revenue requirement includes only a return
27 on rate base, not capital investments themselves.

28

³⁷ *See* A.22-09-003 (proposing adjustments to cost of capital for implementation in FTC’s next rate case).

1 **5. FTC’s Tax Liabilities Are Computed Based on Its Anticipated Return**
2 **on Rate Base Using an Established Tax Gross-Up Methodology.**

3 FTC’s revenue requirements must include a reasonable forecast of the tax liabilities that
4 the company expects to experience during the test year. Pub. Util. Code § 275.6(b)(5) (revenue
5 requirement must include “reasonable . . . tax liabilities”). Unlike operating expenses, tax
6 liabilities are not subject to any overall cap, and they are computed as a straightforward function
7 of the net income reflected in the company’s intrastate results of operations. Based on its
8 intrastate rate base figures and current Commission-approved cost of capital percentages, FTC
9 would derive the following net income under its proposal:

10		Intrastate Rate Base	Cost of Capital	Return on Rate Base
11	Net Income	\$6,843,459	8.99%	\$615,227

12 Applying the current federal corporate tax rate of 21%, the California corporate tax of 8.84% to
13 these net income figures, and accounting for appropriate tax deductions, FTC’s 2024 intrastate tax
14 liabilities are anticipated to be \$164,558, including the amortization of excess deferred income
15 taxes. *See* 26 U.S.C. § 11 (imposing current federal corporate tax rate is 21%); Rev. & Tax Code
16 § 23151(e) (imposing 8.84% California corporate tax rate).

17 Consistent with Commission precedent, FTC has implemented the tax component of its
18 revenue requirement by applying a “tax gross up” to its return on rate base. This “gross up”
19 applies a composite income tax factor of 27.98%, which equates to a “Net to Gross Multiplier” of
20 1.3886, to FTC’s anticipated 2024 pre-tax net income to determine the amount by which this
21 income would have to increase to pay the taxes attendant to its respective level of income. The
22 same approach was approved in FTC’s previous rate case and is shown in Exhibit DC-2 to Mr.
23 Clark’s testimony. *Clark Opening Testimony*, Exhibit DC-2, Schedule "NETGRCMULT."

24 **B. Rate Design.**

25 **1. Proposed End User Rates and Resulting Revenues.**

26 Based on the economic conditions in FTC’s service territory and the significant rate
27 increase that took effect for FTC’s customers in 2019, further rate increases are not warranted.
28 However, FTC is aware of Cal Advocates’ persistent advocacy by which it seeks to raise rates on
rural telephone company customers, and it is proposing the same residential rate increases that Cal

1 Advocates proposed in each of the three pending “Group A” cases.³⁸ Specifically, FTC proposes
2 to raise its existing basic tariffed residential rate from \$25.00 to \$26.00. The resulting “all-
3 inclusive” residential rate would be \$36.99, which falls toward the upper end of the Commission’s
4 \$30.00 to \$40.00 “range of reasonableness.”³⁹ Paralleling the residential rate increase, FTC
5 proposes to increase basic business rate by \$1.00, from \$35.00 to \$36.00.

6 In isolation, these rate increases would not be reasonable because they are unnecessary to
7 meet the Commission’s “reasonably comparable” standard and FTC’s residential rates already fall
8 well within the Commission’s updated “range of reasonableness” adopted in Phase 2 of the
9 CHCF-A rulemaking.⁴⁰ However, FTC is prepared to embrace these higher rates provided that the
10 Commission also approves FTC’s proposal to modernize its rates by including all custom calling
11 features and voice mail service in basic rates at no additional charge. As Mr. Clark explains, this
12 restructuring of FTC’s rates is appropriate to ensure that it can meet evolving customer
13 expectations and position itself to compete with Voice over Internet Protocol (“VoIP”) providers
14 and wireless carriers, who already offer packages with all of these features for a single price.
15 *Clark Opening Testimony* at 72. This proposal also has public safety dimensions, as services like
16 call-forwarding and voice mail can provide important functionalities to customers who are
17 displaced by wildfires. *See, e.g.*, D.19-08-025 at 66 (requiring waivers of call forwarding
18 installation and one month of call forwarding service in response to declaration of state of
19 emergency). Likewise, victims of domestic violence or other individuals who highly value
20 privacy and those trying to avoid “robo-call” nuisance calls may regard caller-ID services as vital.
21 The Commission should give customers the flexibility to use these services as they need them,
22 without having to predict when they might be needed and pay for them separately. Only by
23 incorporating this rate modernization into FTC’s rate design are the \$1.00 rate increases justified.

24 The Commission should not adopt rate increases any higher than FTC’s proposal. FTC’s
25 service territory has low-income and middle-income households, with most workers either

27 ³⁸ A.21-11-005 (Sierra), Exh. PAO-01 (*Ahlstedt Testimony*) at 1-9; A.21-11-006 (Volcano), Exh. PAO-03
28 (*Ahlstedt Testimony*) at 1-9; A.21-11-007 (Siskiyou), *Revenue and Rate Design Testimony* (Benny Corona)
at 2-2.

³⁹ D.21-06-004 at 41 (OP 1).

⁴⁰ *Id.*; Pub. Util. Code § 275.6(c)(3).

1 engaged in local business enterprises or commuting long distances to the greater Sacramento area.
2 FTC's proposal is designed to avoid large residential rate increases that could materially harm
3 customers in these areas, who were already struggling in the wake of COVID-19 and are now
4 recovering from the largest wildfire in California this year,⁴¹ along with rising inflation,
5 skyrocketing gas prices, and other regional economic impacts that make it unreasonable to raise
6 prices for essential services. The business communities are also struggling in these areas, and
7 large rate increases would only encourage these small businesses to drop service or relocate,
8 further harming the economic conditions in the areas. As FTC testimony demonstrates, there is
9 neither an economic basis nor a policy imperative that would support significant rate increases at
10 this time. *Lehman Opening Testimony* at 18-20; *see Armstrong Opening Testimony* at 8-9.

11 FTC's revenues for the test year are computed based on a straightforward projection of the
12 forecasted units for each service for 2024. As reflected in Mr. Clark's testimony, FTC used base
13 revenue data for 2021, and applied demand trends derived from growth in the 2020 to 2021 period
14 to those figures. *Clark Opening Testimony* at 51. Using a longer timeframe for demand
15 projections would be unreasonable given the effects of COVID-19 and Audeamus' introduction of
16 "broadband only" or CBOL service in the middle of the five-year historic period. *Clark Opening*
17 *Testimony* at 25. The availability of CBOL service has made customers more price sensitive to
18 rate increases, so the 2020-2021 figures are more reliable than the longer-term data. *Id.* This
19 results in projected end user revenues for the test year of \$536,399 for FTC.

20 **2. FTC's Intrastate Access Intercarrier Compensation Calculations**
21 **Reflect Reasonable Forecasts of Demand and Anticipated Reductions**
22 **in Revenue Based on Federal Law.**

23 The second component of rate design is intercarrier compensation revenue. This revenue
24 category encompasses three principal types of revenue: (1) terminating switched access and
25 access replacement revenue; (2) originating switched access revenue; and (3) special access
26 revenue. FTC has separately calculated each of these elements and included the combined total as
27 "Intrastate Access Revenues" in its rate design.

28 Terminating switched access and the corresponding replacement revenue are fixed inputs

⁴¹ The Mosquito Fire has burned more than 75,000 acres and has only recently been contained. *Dominico Opening Testimony* at 16.

1 determined according to formulas in FCC regulations.⁴² As part of the intercarrier compensation
2 reforms in 2011, the FCC prescribed the amount of interstate and intrastate revenue that carriers
3 can derive from terminating access services. Starting in 2012, the FCC began an annual phase-
4 down in terminating access revenue, moving local switching rates to “bill and keep” as of July 1,
5 2020. *Id.* at ¶ 801. To mitigate the effects of these reductions in rates, the FCC instituted two
6 access replacement mechanisms: (a) the Access Recovery Charge (“ARC”), which is charged to
7 end users, subject to a limitation for residential customers whose overall rates are lower than
8 \$30.00 “inclusive” of specified taxes, fees, and surcharges;⁴³ and (b) Connect America Fund
9 Intercarrier Compensation (“CAF-ICC”), a federal funding source to address lost access
10 revenues.⁴⁴

11 While these terminating access revenues are comprised of a mix of funding sources, they
12 are also subject to an overall calculation that obviates the need to separately compute them. The
13 FCC has imposed a 5% annual phase-down on the collective total of ARC, CAF-ICC revenue, so
14 the most accurate way to calculate the “terminating access” revenue is to start with the “eligible
15 recovery” from the most recent year and apply a 5% reduction in funding for each subsequent
16 year. 47 C.F.R. § 51.917(d) (outlining annual phase-down in “eligible recovery”). The FCC uses
17 a fiscal year for those calculations, so the impacts must be calculated separately for the first six
18 months of the test year and the second six months of the test year. The most recent historical
19 “eligible recovery” figure is for the 2021-2022 fiscal year, ending on June 30, 2022. To compute
20 the terminating access figure for the test year, FTC has multiplied the 2021-2022 figure by 95%
21 and then multiplied it again by 95% to arrive at the figure for 2022-2023. FTC then multiplied the
22 resulting figure by 95% a third time to derive the 2023-2024 figure. The final step is to average
23 the two fiscal year figures that overlap with the test year, resulting in terminating access amount of
24 \$78,256 for FTC for the 2024 test year. The detailed calculations that inform these figures are

26 ⁴² See *In the Matter of Connect America Fund*, WC Docket No. 10-90, *Report an Order and Further Notice*
27 *of Proposed Rulemaking*, FCC 11-161 (rel. Nov. 18, 2011) (“*USF/ICC Transformation Order*”) at ¶ 899.

28 ⁴³ The ARC can only be charged to residential customers to the extent that it does not cause residential
“inclusive” rates to exceed \$30.00. This cap does not apply to business customers.

⁴⁴ See 47 C.F.R. §§ 51.917(b)(2) (defining “expected revenues”); 51.917(d) (defining “eligible recovery”);
51.917(e) (explaining ARC mechanics); 51.917(f) (identifying CAF-ICC eligibility and calculations).

1 shown in Exhibit DC-2 to Mr. Clark’s opening testimony. *See Clark Opening Testimony*, Exhibit
2 DC-2, Schedule “Calc of FCC Elg Rev.”

3 The originating access and special access components of intercarrier compensation revenue
4 are calculated separately from terminating access and the access replacement mechanisms. These
5 elements are based on the demand for those particular services. FTC has measured the current
6 demand for the services over a 5-year period, and projected the result into the test year. *See Clark*
7 *Opening Testimony* at 77. The three components of intercarrier compensation revenues and the
8 combined total are set forth in the following chart:

9

	Terminating Access	Originating Access	Special Access	Total
Inter-carrier Compensation Revenues	78,256	40,136	23,248	141,640

10
11
12

13 **3. FTC’s High Cost Loop Support Revenues for 2024 Have Been**
14 **Computed Using the Best Available Information, Subject to**
15 **Adjustment Using the NECA Figures Released in October 2022.**

16 FTC’s rate design includes forecasted HCLS figures for each company for test year 2024
17 in accordance with federal regulations and longstanding Commission precedent. HCLS is a
18 federal funding source, but it supports intrastate operations, so it is appropriate for inclusion in
19 intrastate rate design. HCLS is “deducted from state expenses” and “added to interstate
20 expenses.” 47 C.F.R. § 54.1301(a). This effectuates a dollar-for-dollar recovery of intrastate costs
21 that would otherwise have to be supported by end user rates or CHCF-A.⁴⁵ The Commission has
22 consistently recognized this effect and has incorporated HCLS in the revenue section of “Results
23 of Operations” tables in dozens of rate cases over the past three decades, including FTC’s past
24 three rate cases.⁴⁶

25 HCLS funding for any given year is based on a comparison between the company’s

26 ⁴⁵ No other federal high-cost support mechanism supports intrastate expenses. For carriers who have
27 selected Alternative Connect America Cost Model (“A-CAM”) support, which replaces HCLS and parallel
28 interstate funding sources, a different calculation is required. FTC does not receive A-CAM and is not
eligible to receive A-CAM support, so HCLS is the only federal high-cost support fund that contributes to
FTC’s intrastate rate design.

⁴⁶ D.19-04-017, Appendix A, Line 3; D.11-12-001, Appendix B, Attachment C, Line 3; Res. T-17048 at 26,
Appendix D, Line 3 (Dec. 14, 2006).

1 average local “loop” costs for *two years prior* and a frozen “national average cost per loop.” *See*
2 47 C.F.R. §§ 54.1310(a) (explaining “loop cost” comparison), 54.1305 (noting vintage of loop
3 cost data as “the calendar year preceding each July 31st filing” with NECA). In performing the
4 HCLS calculations, NECA also makes certain adjustments to fit within the FCC’s budgetary
5 parameters, resulting in funding reductions through the “pro rata adjustment” and “budget control
6 mechanism.” *See* 47 C.F.R. §§ 54.1310(b), 54.1310(d).

7 FTC’s HCLS calculations take the 2021 study to determine the 2023 support amount and
8 then incorporate estimated changes to those figures to produce a forecasted figure for the 2024
9 period. This calculation generates the figure used in the forecast of FTC’s HCLS for 2024. *See*
10 *Clark’s Opening Testimony*, Exhibit DC-2, Schedule “Est Rev 2023-2024,” Line 31.

11 Based on the best available information as of the date of this filing, HCLS for the 2024 test
12 year will be \$779,559 for FTC. However, a more precise figure for 2024 will be released on or
13 about October 1, 2023, when NECA provides its calculation of HCLS based on its review of the
14 HCLS data submission that is based on 2022 cost data and its determination of the final
15 inflationary factor to be applied to corporate operations expenses. To ensure that the rate design is
16 accurate for the test year, the Commission should substitute the October 2023 NECA figure for the
17 number in this Application and make corresponding adjustments to CHCF-A. In its annual
18 CHCF-A adjustment process, the Commission relies on these NECA figures annually to set
19 CHCF-A support amounts for FTC and other small independent telephone corporations, and the
20 NECA figures are not subject to reasonable dispute. *See* D.91-09-042, Appendix at 2
21 (acknowledging that annual adjustments for “regulatory changes of industrywide effect include
22 “changes in levels of interstate high cost funding”); *see also*, *e.g.*, Res. T-17758, Appendix A
23 (Line 5 for each company reflecting “net interstate expense adjustment”). Therefore, they should
24 be incorporated into the rate design with appropriate downward or upward adjustments to CHCF-
25 A depending on whether NECA’s figure is higher or lower than anticipated.⁴⁷

26
27
28 ⁴⁷ To the extent that HCLS fluctuates in the test year, those adjustments should be addressed as non-
recurring impacts in FTC’s 2024 CHCF-A filings, consistent with the rules governing CHCF-A annual
filings. *See* D.91-09-042, Appendix at 2-4

1 **4. FTC’s Miscellaneous Revenue Calculations Reflect NECA Guidance**
2 **and Commission Precedent.**

3 “Miscellaneous revenues” refer to a category of regulated revenues that are not covered by
4 other categories, but which are assigned to the intrastate jurisdiction. These revenues include
5 amounts from licenses or leases of regulated facilities, billing and collection services, directory
6 listings, uncollectibles, and other activities specifically identified in the FCC’s rules. *See* 47
7 C.F.R. §§ 32.5200, 32.5230, 32.5300. These figures are derived from 2024 forecasted revenues in
8 each of these categories, to the extent that revenues exist in these classifications for FTC, subject
9 only to limited adjustments where it is apparent that certain revenues will no longer be available in
10 2024. *See Clark Opening Testimony*, Exhibit DC-2, Schedule "Est Rev 2023-2024" at lines 45-54.
11 A summary of the intrastate regulated miscellaneous revenues for the test year for FTC is as
12 follows:

13

Miscellaneous Revenues	
Directory Revenues	14,299
Late Payment Fees/Returned Checks	\$10,589
Miscellaneous	134
Billing and Collection	24,661
Leases and Licenses ⁴⁸	0
Uncollectibles	-1,028
Total:	48,655

21

22 Separate from its identification of miscellaneous revenues, FTC is aware of the Commission’s
23 recent interest in license and lease revenue. *See* D.21-06-004 at 42-43 (OP 5); *see also* D.22-02-
24

25 ⁴⁸ FTC expects to have \$32,999 in license expenses during the test year, but this revenue is reflected in
26 FTC’s ratemaking calculations as a reduction to the expenses associated with the assets being licensed,
27 consistent with NECA Reporting Guideline 8.3. *See Clark Opening Testimony*, Exhibit DC-2, Schedule
28 "Expense Detail-2022" at Line 10. The Commission expressly endorsed the use of NECA Reporting
Guideline 8.3 in resolving the ratemaking issues in Phase 2 of the CHCF-A rulemaking. *See* D.21-06-004
at 42 (OP 4), 17 (noting that NECA Reporting Guideline 8.3 would permit carriers to account for license
and lease revenues by “reduc[ing] its intrastate revenue requirement by the intrastate portion of its related
rent revenues, effectively counting license or lease payments as reductions to regulated expense.”).

027, Appendix A (modifying disclosure requirements in D.21-06-004). FTC has populated the Commission’s requested spreadsheet addressing licenses and leases, as discussed below in Section IV(M).

5. CHCF-A Fulfills a Residual Role in Rate Design, Supplying the Additional Revenue Necessary to Meet FTC’s Revenue Requirement.

CHCF-A provides the final component of the rate design, reflecting the last step in the Commission’s implementation of rate-of-return regulation. It is computed on a residual basis, after all other intrastate funding sources have been estimated for the test year. CHCF-A must be supplied in an amount necessary to recover “the portion of the revenue requirement that cannot reasonably be provided by the customers of each small independent telephone corporation after receipt of federal universal service rate support.” Pub. Util. Code § 275.6(c)(4); *see also* Pub. Util. Code § 275.6(a) (reflecting Legislative judgment that CHCF-A be supplied in amounts sufficient to meet revenue requirement to advance “the state’s universal service commitment to the continued affordability and widespread availability of safe, reliable, high-quality communications services in rural areas of the state.”). CHCF-A is not subject to a source-specific “reasonableness” review; by definition, it is reasonable and “not excessive” if it equals the difference between a “small independent telephone corporation’s” revenue requirement and the combined value of all other regulated intrastate funding sources. *See* Pub. Util. Code § 275.6(c).

FTC’s CHCF-A computation is straightforward and follows statutory guidance and longstanding Commission precedent in implementing the CHCF-A program. The calculation involves subtracting FTC’s combined end user revenue, HCLS, intercarrier compensation, and intrastate miscellaneous revenue for the test year from its revenue requirement, leaving a residual amount that must be fulfilled through CHCF-A. A summary of this computation, prior to the imposition of “broadband imputation,” is shown in the following chart:

CHCF-A Calculation Prior to Broadband Imputation	
Revenue Requirement	3,722,399
Revenue Other Than CHCF-A	1,506,252
CHCF-A	2,216,146

FTC acknowledges that the Commission has ordered a further adjustment to these CHCF-

1 A figures through broadband imputation. Neither Public Utilities Code Section 275.6 nor any
2 other statute authorizes this additional adjustment, and its effect is to create a revenue shortfall of
3 <<START CONFIDENTIAL [REDACTED] END CONFIDENTIAL>> for FTC when the
4 broadband imputation is applied, contrary to express statutory directives that a small independent
5 telephone corporation's rate design must equal its revenue requirement. Pub. Util. Code §§
6 275.6(c)(2), 275.6(c)(4). As noted above, FTC is challenging the legality of broadband
7 imputation, and, if successful, the CHCF-A for the test year should be as displayed in the chart
8 above. Given that broadband imputation is the Commission's current policy, this modified
9 broadband imputation adjustment to FTC's CHCF-A draw has been incorporated into its
10 ratemaking calculations in this Application, as set forth below.

11 **C. Broadband Imputation.**

12 Pursuant to Ordering Paragraph 1 of D.21-04-005, "all reasonable positive retail
13 broadband-related revenues" from wireline Internet access service provided by FTC's ISP affiliate
14 within FC's service territories "shall be imputed in the determination of rate design and California
15 High Cost Fund-A support." D.21-04-005 at 24 (OP 1). This imputation requirement does not
16 apply to "revenues derived from areas outside of" FTC's service territory and "revenues resulting
17 from alternative service platforms that are not based upon" FTC's local exchange facilities. *Id.*
18 FTC has a common ISP with KTC, Audeamus, but Audeamus' financial performance is separately
19 tracked in the respective telephone company service territories. Further, in response to the
20 rehearing request from the Independent Small LECs, the Commission offered a clarification to its
21 broadband imputation mechanism as it applies to CBOL connections, explaining that imputation
22 would only apply to these lines "[t]o the extent there are retail revenues associated with CBOL
23 that are attributable to CHCF-A funded broadband-capable facilities." D.21-08-042 at 18.

24 Consistent with the Commission's directives and the clarification regarding the treatment
25 of CBOL connections, FTC's broadband imputation calculation excludes revenues derived from
26 Audeamus' service in KTC's territory and in AT&T's territory.⁴⁹ In addition, FTC's broadband
27

28 ⁴⁹ Where Audeamus provides broadband services outside of FTC's and KTC's service territory, it uses
alternative platforms that do not rely on FTC's or KTC's regulated local loop facilities. These broadband
revenues and expense have been excluded from the imputation requirement. D.21-04-005 at 24 (O.P. 1).

1 imputation calculation excludes revenues derived from “broadband only” service offered by
2 Audeamus because the costs associated with these lines are 100% interstate and are not reliant to
3 any extent on “CHCF-A funded broadband-capable facilities.” *Id.* Where customers subscribe
4 strictly to broadband service, and do not take a telephone line, the costs associated with the
5 underlying loop over which the broadband is delivered are shifted entirely to interstate cost
6 recovery mechanisms, with no impact on the CHCF-A or any other intrastate revenues sources.

7 The applicable revenues and expenses from Audeamus’ operations in FTC’s service
8 territory using its broadband-capable network have been tabulated and incorporated as a dollar-
9 for-dollar reduction to each company’s CHCF-A support figure. The broadband imputation
10 reduction for FTC is <<START CONFIDENTIAL [REDACTED] END CONFIDENTIAL>>.
11 Because Audeamus does not actually pay this amount of its net retail broadband revenues to FTC,
12 imputation causes a systematic shortfall in CHCF-A that denies the companies a fair opportunity
13 to earn their authorized rates of return. The revenue shortfalls and the impacts FTC’s rates of
14 return are summarized in the following table:

Post-Imputation CHCF-A	
Intrastate Regulated Revenue Needed to Fulfill Revenue Requirement	<<START CONFIDENTIAL [REDACTED] END CONFIDENTIAL>>
Intrastate Regulated Revenue With Broadband Imputation Adjustment	<<START CONFIDENTIAL [REDACTED] END CONFIDENTIAL>>
Intrastate Regulated Revenue Shortfall	<<START CONFIDENTIAL [REDACTED] END CONFIDENTIAL>>
CHCF-A After Broadband Imputation Adjustment	<<START CONFIDENTIAL [REDACTED] END CONFIDENTIAL>>
Commission-Authorized Rate of Return	8.99%
Rate of Return After Broadband Imputation	<<START CONFIDENTIAL [REDACTED] END CONFIDENTIAL>>

1 As directed by the Phase 2 Broadband Imputation Decision, the Communications Division
2 staff has prepared a template to implement the broadband imputation calculation. FTC has
3 populated this template, and it is provided herewith as confidential Exhibit C. Exhibit C contains
4 Audeamus' 2021 financial results from its broadband operations in FTC's territory using FTC's
5 local loop facilities. Although Exhibit C identifies the entire net income for the broadband
6 calculation, FTC believes strongly that the CBOL-related revenues should be excluded from the
7 calculation and has made this adjustment on DC-2 on the "Proforma SRO" schedule.⁵⁰

8 FTC's submission of the financial data in Exhibit C fulfills its duties under Public Utilities
9 Code Section 275.6(e) to identify "revenues derived from the provision of unregulated internet
10 access service" by its ISP affiliate "within [each company's] telephone service territory."⁵¹ The
11 broadband imputation template contains highly granular confidential information about the
12 Audeamus' unregulated broadband operations, so it is provided subject to an expectation that the
13 confidential elements will be held under seal in the Commission's records, as required by the
14 Public Utilities Code Sections 275.6(e) and 583 and G.O. 66-D. The template also contains
15 employee compensation information, which are subject to legal protections to ensure employee
16 privacy under California law. The detailed justification for confidential treatment of this
17 information is provided in the contemporaneously filed Motion to Seal.

18 **IV. COMPLIANCE WITH PROCEDURAL RULES, APPLICATION FORMALITIES,**
19 **AND NOTICE REQUIREMENTS.**

20 **A. Corporate Information and Correspondence (Rules 2.1(a) and 2.1(b)).**

21 The full name of the applicant hereto is Foresthill Telephone Co., a corporation organized
22 under the laws of the State of California. FTC's principal place of business is 5915 Gold Street,
23 Foresthill, California 95631, and its business telephone number is (530) 367-2222. FTC consents
24 to service by email in connection with this proceeding. Correspondence and other
25 communications regarding this Application should be sent to counsel for FTC as follows:

26
27 ⁵⁰ This schedule in Mr. Clark's testimony provides the broadband imputation equation with and without the
28 adjustment for the purely interstate CBOL connections. However, as explained herein, the CBOL
adjustment is appropriate, and consistent with the clarifications that the Commission offered regarding
broadband imputation on rehearing. See D.21-08-042 at 18.

⁵¹ Pub. Util. Code § 275.6(e).

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B. Organization and Qualification to Transact Business in California (Rule 2.2).

FTC's Articles of Incorporation, certified by the Secretary of State of the State of California, were previously submitted with Application 15-09-005 (filed September 1, 2015) and they remain in the Commission's files in connection with that proceeding. In accordance with Rule 2.2, FTC incorporates this prior filing by reference in lieu of resubmitting the same documents with this Application.

C. Financial Statements (Rules 2.3 and 3.2(a)(1)).

Attached as **Exhibit D** are FTC's financial statements as of the "latest available date," reflecting financial results through the month of August 2022. Pursuant to the Rule 2.3(h), the financials consist of FTC's most recent balance sheets as of the latest available date and income statements covering the period from the close of 2021, the last year for which its annual reports were filed with the Commission, through August 2022.

D. Description of FTC's Facilities, Equipment, and Other Property, the Cost and Depreciation Reserve Applicable to the Property, the Character of Business Performed, and the Territory Served (Rule 3.2(a)(4)).

FTC owns and operates a telephone system over which it provides local exchange telephone service in Placer County. FTC operates a single exchange with 1,659 access lines over which it provides basic service.⁵² The company's system consists mainly of cables and wires connecting customer locations and facilitating interconnection with the public switched telephone network. FTC's infrastructure includes underground and aerial cable and lines, radio equipment, central office equipment, land, buildings, and other miscellaneous equipment. FTC's network and

⁵² In addition to serving 1,659 voice access lines, FTC provides interstate wholesale Digital Subscriber Line transmission service to 943 "broadband only" lines. Audeamus offers retail broadband service to its customers over these lines.

1 facilities are described in detail in Mr. Dominico’s testimony.

2 The costs associated with the Applicant’s property and equipment and the depreciation
3 reserve applicable thereto are shown on the balance sheet included in **Exhibit E** to this
4 Application. Depreciation expense is calculated on a remaining-life basis using the rates from
5 FTC’s last rate case with updates derived from a new depreciation study described in Mr. Clark’s
6 testimony.

7 **E. Present and Proposed Rates (Rules 3.2(a)(2) and 3.2(a)(3)).**

8 FTC’s current tariffed rate for single-line residential local exchange telephone service is
9 \$25.00 and its business rate is \$35.00. The current tariffed residential rate produces an
10 “inclusive” rate of \$35.90 when applicable fees and surcharges are included in accordance with
11 the Commission’s CHCF-A Phase 2 Ratemaking Decision. D.21-06-004 at 42 (OP 3). This
12 change would place the basic residential rate on the higher end of the “range of reasonableness.”
13 Based on the application of the Commission’s LifeLine regulations to Foresthill’s basic rates, and
14 assuming the California Specific Support Amount (“SSA”) remains constant at \$16.23,
15 Foresthill’s’ LifeLine rates are likely to be \$7.02 for customers who meet eligibility requirements
16 for both federal and state Lifeline support. For customers who only subscribe to voice service or
17 who choose a lower broadband speed than the federal minimum standard, the LifeLine rate is
18 expected to be \$9.02 per month.

19 As part of an overall modernization of FTC’s rates by which custom calling features and
20 voice mail would be included in basic rates, FTC proposes to raise basic rates by \$1.00. This
21 increase is only reasonable in exchange for the other benefits of the rate restructuring, and if that
22 aspect of FTC’s proposal is not authorized, no rate increase should occur. With the additional
23 \$1.00 increase, custom calling feature and voice mail rates would be eliminated as separate
24 offerings, and basic rates would go up to \$26.00 and \$36.00 for residential and business
25 customers, respectively.

26 FTC’s current and proposed rates are reflected in the tariff sheets included herewith as
27 **Exhibit F**. As reflected therein, various changes to FTC’s tariff will be needed to implement the
28 rate restructuring, and FTC asks the Commission to make these changes through the rate case.

1 **F. Summary of Earnings (Rules 3.2(a)(5), 3.2(a)(9)).**

2 Consistent with longstanding Commission practice and as required in D.15-06-048 and
3 D.20-08-011, FTC is using calendar year 2024 as the test period for this rate case. *See* D.20-08-
4 011, Appendix C. A summary of estimated earnings on a depreciated rate base for the test period
5 is attached as **Exhibit G** hereto. This schedule shows FTC respective intrastate operations, as well
6 as interstate and total company regulated operations.

7 **G. Federal Income Tax Depreciation Deduction (Rule 3.2(a)(7)).**

8 In computing its federal income tax, FTC utilizes the Modified Accelerated Cost Recovery
9 System ("MACRS") to depreciate property plant and equipment for federal income tax purposes.
10 For ratemaking purposes, FTC calculated federal income tax expense using straight-line
11 depreciation.

12 **H. No "Pass Through" Costs (Rule 3.2(a)(10)).**

13 FTC requested ratemaking adjustments do not involve a "pass through" of costs. The
14 future test year and prospective ratemaking methodology employed in small independent
15 telephone corporations' rate cases is based on forecasted future results of operation. Accordingly,
16 small independent telephone company general rate cases do not incorporate elements of pass-
17 through costs, which might be more typically the subject of certain other utility company rate
18 filings, such as those involving energy resource recovery accounts.

19 **I. Financial Interest in Transactions (Rule 3.2(a)(8)).**

20 In accordance with Rule 3.2(a)(8), FTC confirms that its capital stock is not listed on a
21 "national securities exchange" and that its capital stock is not registered with the Securities and
22 Exchange Commission pursuant to Section 12(g) of the Securities Exchange Act of 1934. Since
23 the filing of its last annual report with the Commission, there have been no transactions of the type
24 described in General Order 104-A, nor have any such transactions been proposed since the filing
25 of FTC's last annual report, which was submitted on March 27, 2022 reflecting 2021 calendar year
26 results of operations.

27 **J. Service of Application and Local Government Notifications (Rules 3.2(b),
28 3.2(c), 3.2(d)).**

 This Application has been served by email on each of the individuals listed on the FTC's

1 company-specific list for service of advice letters, consistent with Rule 4.3 of General Order 96-B.
2 This Application has also been served on the Commission's Executive Director, the Chief
3 Administrative Law Judge, the Director of the Communications Division, and the Director of Cal
4 Advocates. Specific members of Communications Division and Cal Advocates' staff who have
5 participated in the pre-Application events related to this filing are also included on the service list.
6 The service list for this Application is attached to the certificate of service.

7 In addition, pursuant to Rule 3.2(b), within 20 days of the filing of this Application, FTC
8 will mail a notice describing the proposed ratemaking adjustments and customer rates sought in
9 this Application to: (1) the State of California, by serving the Attorney General and the
10 Department of General Services; and (2) the County Counsel and County Clerk of Placer County.
11 FTC will also publish a notice in a newspaper of general circulation in Placer County within 20
12 days after the filing date of this Application, as required by Rule 3.2(c). A draft of the notice,
13 which FTC intends to present to the Public Advisor's Office for approval, is attached hereto as
14 **Exhibit H**. FTC will send a notice to customers regarding proposed rate adjustments requested
15 and matters to be addressed in this rate case. FTC uses a 30-day billing cycle, so it will mail a
16 notice to subscribers within 45 days, in compliance with Rule 3.2(d). The notice approved by the
17 Commission's Public Advisor's Office on October 27, 2022, is attached as **Exhibit I** hereto.

18 A full copy of the Application, including all exhibits, will be furnished upon written
19 request from these or any other stakeholders. Proof of compliance with the customer notice
20 requirement will be filed in the docket of this proceeding within 65 days of the submission of this
21 Application.

22 **K. Relevant Safety Considerations.**

23 As explained in the testimony of submitted contemporaneously herewith, FTC has a strong
24 record of providing high-quality, reliable, and safe service to its rural service area. *Armstrong*
25 *Opening Testimony* at 6; *Clark Opening Testimony* at 86-90; see *Dominico Opening Testimony* at
26 1, 14. FTC plays a critical role in the rural communities that it serves, and, for most customer
27 locations within these areas, FTC provides the only reliable connection that provides both voice
28 and broadband capabilities meeting prevailing FCC standards. FTC has a robust network

1 resiliency plan, and a comprehensive emergency response plan tailored to its operations and
2 service territories. As FTC's performance during the recent Mosquito Fire confirms, FTC
3 contributes materially to advancing public safety in the communities where it serves, and it has an
4 established track record of working with first responders and community leaders to preserve and
5 restore service in the face of wildfires. *See Dominico Opening Testimony* at 5, 19. This
6 proceeding is critical to ensure that FTC has sufficient financial resources and operational stability
7 to continue fulfilling these crucial functions.

8 **L. Compliance with the Rate Case Plan (D.15-06-048, D.20-08-011).**

9 FTC has met all deadlines and procedural prerequisites to this filing under the 2015 Rate
10 Case Plan and the 2020 decision extending the filing dates for the "Group B" companies. *See*
11 D.15-06-048; D.20-08-011. Consistent with D.20-08-011, and the one-month extension on the
12 filing date authorized by the Commission's Executive Director, FTC's Application is being timely
13 filed on November 1, 2022. *See Exhibit A* (July 18, 2022 Letter from Executive Director) at 1.
14 Prior to submitting the Application, FTC also complied with each of the pre-application
15 requirements under the Rate Case Plan, as follows:

16 **Notice of Intent:** FTC submitted its Notice of Intent ("NOI") to file a rate case on
17 September 2, 2022, which included its initial proposals and its basic ratemaking and summary
18 calculations.

19 **Minimum Data Requests:** The Rate Case Plan also provides for Cal Advocates to submit
20 Minimum Data Requests ("MDRs") fifty-five days before the application date. Cal Advocates
21 formally provided FTC with its MDRs prior to the due date, on August 9, 2022, and FTC
22 responded to those MDRs on September 23, 2022.⁵³ Cal Advocates circulated a memorandum
23 alleging a small list of perceived deficiencies in the MDR responses on September 27, 2022. FTC
24 formally responded to the alleged deficiencies in a letter dated September 29, 2022, and FTC
25 provided supplemental responses to the MDRs on September 29, 2022 and October 7, 2022.
26 While FTC does not concede that its original responses were deficient, based on its supplemental
27 responses, FTC understands that the alleged deficiencies are resolved.

28

⁵³ Due to an inadvertent calendaring error, FTC responded to the MDRs one day later than Cal Advocates had requested.

1 Communications Division did not issue a deficiency letter in connection with FTC's MDR
2 Response, and no valid grounds for deficiency exist. All pre-application requirements of D.14-12-
3 084 are therefore met and all contingencies to submitting this Application are satisfied.

4 **M. Identification of License and Lease Revenue (D.21-06-004, Appendix A).**

5 The Phase 2 Ratemaking Decision requires each rate case applicant to “report all . . .
6 revenue from both licenses or leases” using a spreadsheet entitled “Reporting Template for Non-
7 Regulated Revenue.” *See* D.21-06-004, at 42-43 (OP 5), Appendix A. On rehearing prompted by
8 the application of the Independent Small LECs, including FTC, the Commission issued its
9 decision modifying Appendix A and offered further context for the Appendix A disclosures.
10 D.22-02-027 at 8-9, Appendix A. Accordingly, FTC understands the Appendix A reporting
11 requirement to seek information as of the date of the Application initiating the rate case. As
12 reflected in **Exhibit J** hereto, FTC has populated the spreadsheet with information reflecting the
13 applicable agreements that it has in place as of the date of this filing that are within the scope of
14 Appendix A, as modified in D.22-02-027.

15 FTC notes that the Appendix A disclosure requirement does not encompass all
16 “miscellaneous revenues.” Rather, it focuses solely on “license, lease, or other” agreements for
17 access to public utility facilities or property. As reflected in the FCC’s Part 32 regulations,
18 miscellaneous revenues include several categories of revenue that extend beyond the facilities
19 access agreements addressed by Appendix A to the Phase 2 Ratemaking Decision. *See* 47 C.F.R.
20 §§ 32.5200, 32.5230, 32.5300. Likewise, not all revenue generated from access to facilities is
21 classified as “miscellaneous revenues;” where the underlying “plant” is “removed” from rate base,
22 the resulting revenues are unregulated. *See* D.21-06-004 at 17, 19 (incorporating NECA
23 Reporting Guideline 8.3 into Commission ratemaking standards and explaining options for
24 addressing license and lease revenues); *see also* NECA Reporting Guideline 8.3 at 1; *Clark*
25 *Opening Testimony* at 31. Regardless of whether the resulting revenue is regulated or unregulated,
26 FTC’s disclosures in **Exhibit J** include all instruments reflecting licenses, leases, or other
27 agreements for access to its properties.

28 As explained in Section III(B)(4), above, FTC has incorporated its license revenues for the

1 test year into its ratemaking calculations through a reduction in the expenses associated with the
2 underlying assets being licensed. This approach is consistent with the second of two “alternative
3 approaches” that NECA authorizes through NECA Guideline 8.3. The Commission has endorsed
4 this approach as the appropriate methodology for addressing these revenues. *See* D.21-06-004 at
5 42 (OP 4), 17; *see* NECA Reporting Guideline 8.3 at 1.

6 **V. PROPOSED CATEGORIZATION, STATEMENT OF ISSUES, PROPOSED**
7 **SCHEDULE, AND GUIDELINES FOR DISCOVERY (RULES 2.1(c) and 1.3(e)).**

8 **A. Categorization.**

9 In accordance with Rules 2.1(c) and 1.3(e), FTC proposes that this proceeding be classified
10 as a ratesetting proceeding. This proceeding squarely meets the criteria for designation as
11 ratesetting, as it is a proceeding in which the Commission will “set . . . rates for a specifically
12 named utility.” Rule 1.3(e).

13 **B. Issues.**

14 This proceeding involves two straightforward ratemaking issues: (1) the determination of
15 FTC’s revenue requirements utilizing a 2024 test year; and (2) a review of FTC’s rates and other
16 intrastate funding sources available during the 2024 test year to develop a rate design for that
17 provides it with a reasonable opportunity to recover its costs of service and earn its Commission-
18 authorized rate-of-return. The revenue requirement and rate design issues involve the application
19 of existing rules and ratemaking standards to FTC’s financial and operational circumstances; this
20 proceeding should not involve the development of any new policies, the exploration of novel
21 ratemaking theories, or the imposition of new regulations.⁵⁴

22 **C. Need for Hearings.**

23 If the issues in this proceeding are not resolved through settlement, an evidentiary hearing
24 will be required to establish FTC’s revenue requirement and rate design.
25
26

27 ⁵⁴ Pub. Util. Code § 1701.1(c)(3) (defining “ratesetting” proceedings as those in which rates are established
28 for a specific company, including, but not limited to, general rate cases. . . .”); Rules 1.3(f), 1.3(g); *see also*
D.97-06-071 at 7 (“[A] proceeding that primarily implements policy, rather than establishing it, and looks
at facts specific to particular utilities and particular contracts as in this case is more appropriately handled
under the procedure, applicable to ratesetting rather than those established for policy making.”).

1 **D. Schedule.**

2 **1. Timing of Public Participation Hearing.**

3 As permitted by Ordering Paragraph 5 of D.15-06-048, FTC requests that the Commission
4 make a small—but important—adjustment to the sequence of events contemplated by the Rate
5 Case Plan, to ensure that customers will have a meaningful voice in the process by which its
6 telephone rates are set.⁵⁵ Specifically, the Public Participation Hearing (“PPH”) in this proceeding
7 should take place *after* all parties revealed their proposals for end user rates. Since Cal Advocates
8 has historically presented its rate proposals in its testimony, refused to identify its proposals prior
9 to testimony, and consistently advocated for higher rates than the small independent telephone
10 corporations,⁵⁶ customers should have the benefit of the full range of potential outcomes before
11 they provide input in this proceeding. In four prior cases, the assigned ALJs appropriately
12 scheduled the PPHs after the submission of Cal Advocates’ testimony.⁵⁷

13 Unfortunately, in the most recent three rate cases for the “Group A” companies under the
14 Rate Case Plan, customers were systematically deprived of critical information about the range of
15 potential rate increases that they were facing in those rate cases.⁵⁸ Each of the three Group A
16 companies proposed residential rates of \$25.00, which reflected the status quo for Sierra and one
17 dollar increases for Volcano and Siskiyou.⁵⁹ In each case, Cal Advocates proposed higher
18 residential rates of \$27.50 and proposed 10% increases to the companies’ business rates by
19 between \$2.50 and \$3.93. *Id.* Due to its tactical maneuvering regarding the scoping of the
20 proceeding, Cal Advocates was able to shield this essential information from customers prior to

21 ⁵⁵ D.15-06-048 at 28 (OP 5) (authorizing the assigned ALJ to modify the rate case plan “if necessary for
22 efficiency and the public interest.”).

23 ⁵⁶ *Lehman Opening Testimony*, at 3, 4 (Table 1: Proposed Rates of Applicants and Cal Advocates), n.3 (“In
24 most cases, Cal Advocates also proposed higher rates for custom calling features and other charges than the
25 Independent Small LECs”).

26 ⁵⁷ A.17-10-004 (Foresthill), *Scoping Memo* at 6-7; A.16-10-004 (Cal-Ore), *Scoping Memo* at 5-6; A.16-10-
27 002 (Calaveras), *Scoping Memo* at 5-6; A.16-10-001 (Ponderosa), *Scoping Memo* at 4-5.

28 ⁵⁸ The “Group A” companies under the Rate Case Plan were Sierra Telephone Company, Inc. (“Sierra”),
Volcano Telephone Company (“Volcano”), and The Siskiyou Telephone Company (“Siskiyou”). Those
cases have been fully briefed and are now under submission as the Commission prepares proposed
decisions to conclude the cases. Each of these companies’ PPHs took place without any disclosure of Cal
Advocates’ rate proposals. A.21-11-005 *Scoping Ruling* at 6; A.21-11-006 *Scoping Ruling* at 7; A.21-11-
007 *Scoping Ruling* at 7.

⁵⁹ *Lehman Opening Testimony* at 4; *Clark Opening Testimony* at 73 (KTC's proposed "\$1.00 increase
parallels the consensus proposal for residential rates in the pending settlement submitted by Siskiyou and
Cal Advocates in a.21-11-007, by which Siskiyou's rates would be increased from \$25.00 to \$26.00.").

1 the PPH, instead offering the misleading representation that Cal Advocates would advocate for
2 “the lowest possible utility rates for customers”⁶⁰ When the true facts came to light in
3 testimony several weeks later, it was already too late for customers to be heard. This inequitable
4 and evasive practice must end. The ratesetting process should be transparent to customers and
5 afford them the right to be heard at a meaningful time on the issues most important to them.

6 **2. Additional Time for Rebuttal Testimony.**

7 FTC also requests that the ALJ adopt a schedule that provides FTC with an additional 30
8 days for rebuttal testimony. Pursuant to the milestones in the current Rate Case Plan, Cal
9 Advocates has 150 days from the date of an application to prepare its testimony, whereas the
10 company has only 30 days to prepare rebuttal testimony.⁶¹ In several proceedings under the Rate
11 Case Plan where the Commission imposed a 30-day rebuttal period, numerous extensions of time
12 were needed due to address the vast number and novel character of issues raised in Cal Advocates’
13 testimony.⁶² In the recent “Group A” rate cases for Sierra, Volcano, and Siskiyou, the ALJ
14 determined that an additional 14 days would be appropriate, for a total of approximately six weeks
15 for the applicants to prepare rebuttal testimony. While this was a significant and important
16 improvement over the strict application of the 30-day timeframe from the Rate Case Plan, it still
17 created unnecessary time pressures and inequities that should be avoided in this case. In those
18 cases, Cal Advocates again issued expansive testimony designed to radically reduce companies’
19 revenues, including a presentation of novel theories not grounded in standard ratemaking
20 practices.⁶³ The companies were required to scramble to rebut these proposals in just six weeks.

21 Providing two additional weeks for rebuttal testimony is particularly compelling here
22 because FTC and its affiliate KTC are filing their rate case applications on the same day, and a

23
24 ⁶⁰ See A.21-10-005 (Sierra), *PPH Transcript* at 10:28-11:4; A.21-10-006 (Volcano), *PPH Transcript* at 15:25-26; A.21-10-007 (Siskiyou), *PPH Transcript* at 15:7-8.

25 ⁶¹ D.15-06-048, Appendix A at 2-3.

26 ⁶² A.17-10-004, *Foresthill Motion for Extension of Rebuttal Testimony Deadline* (July 6, 2018), *Email Ruling Granting Extension of Rebuttal Testimony Deadline by Foresthill to July 18, 2018*; A.16-10-003, *Sierra Motion for Extension of Time of Rebuttal Testimony* (March 21, 2017); *E-Mail Ruling Denying Extension of Time Beyond April 10* (April 6, 2017) (requiring Sierra).

27 ⁶³ For example, Cal Advocates’ testimony in the Group A rate cases advanced an unprecedented deferred
28 tax calculation and an income tax calculation that relies on an unauthorized adjustment to taxable income based on broadband imputation. See, e.g., A.21-11-005 (Sierra), Exh. PAO-03 (*Ye Testimony*) at 4-5, Exh. PAO-01 (*Ahlstedt Testimony*) at 3-2.

1 single, shared team will need to evaluate Cal Advocates' proposals for each of the companies.
2 When the rate cases of FTC and KTC were filed separately, in different cycles under the Rate
3 Case Plan, it was possible to focus on the companies' ratemaking impacts one at a time. Now that
4 both companies are in Group B, the same staff must evaluate two proposals concurrently. A
5 modest amount of additional time is warranted, and it is a small accommodation for the other
6 efficiencies to be gained by assigning both companies to Group B, and especially if the
7 proceedings are consolidated as requested pursuant to Rule 7.4.

8 This reasonable scheduling adjustment is necessary to promote efficiency and to address
9 what is otherwise an imbalanced and inequitable schedule. It can also be accommodated without
10 upsetting the overall timing for resolution of the proceeding, as reflected in Section V(D)(4),
11 below. There is ample time to accommodate a 60-day timeframe for the preparation of thoughtful
12 and detailed rebuttal testimony. There is no reason for the Commission to put artificial pressure
13 on applicants when Cal Advocates has more than five months to develop its testimony.

14 **3. Alternative Dispute Resolution.**

15 The Commission should take reasonable steps to promote the use of alternative dispute
16 resolution in this proceeding, no later than 10 calendar days after all testimony is submitted, and
17 prior to hearings.⁶⁴ This proposal should not be controversial, but it is necessary because Cal
18 Advocates has historically refused to participate in mediation in small telephone company rate
19 cases.⁶⁵ Consistent with this pattern, mediation did not occur in any of the Group A rate cases. Of
20 those three cases, only one has settled, and the settlement occurred very late in the process, after
21 extensive resources had been expended by both parties. FTC believes that settlement would be
22 substantially more likely if parties agreed to mediate the matter at an appropriate time.

23 Mediation has the potential to conserve extensive resources for the parties and the
24 Commission. FTC believes strongly that skilled mediators can push parties to settle even where

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26 ⁶⁴ This proposal aligns with the timing of the “meet and confer” requirement under the Commission’s new Rule 13.9.

27 ⁶⁵ See, e.g., R.11-11-007, LEC-7 (Votaw Opening) at 23:26-24:2 (in response to Ducor’s motion seeking
28 mediation, “Cal Advocates not only refused to participate, it sought sanctions against Ducor for asking that the Commission force the parties to the table.”); A.21-11-005 *Joint PHC Statement*, Attachment B at 3-4; A.21-11-006 *Joint PHC Statement*, Attachment B at 3-4; A.21-11-007 *Joint PHC Statement*, Attachment B at 3-4.

1 their initial positions are far apart and their views are passionately held. The Commission has
2 consistently promoted alternative dispute resolution for these reasons.⁶⁶ Mandatory mediation is
3 common in many contexts because of its proven role in facilitating settlement, narrowing disputes,
4 and conserving resources.⁶⁷ There is no foreseeable harm from requiring the parties to come to
5 the table to try to resolve their differences. Mediation is usually completed in one day and would
6 not cause any material delay, even if unsuccessful.

7 **4. Coordination with Other Rate Cases.**

8 As the Commission processes this rate case, it should be aware of the two other cases filed
9 as part of “Group B” under the Rate Case Plan—a rate case to be submitted by The Ponderosa
10 Telephone Co. (“Ponderosa”), and the rate case submitted by KTC, FTC’s affiliate.⁶⁸ Because the
11 Ponderosa rate case was filed on October 3, 2022, nearly a month before the FTC and KTC
12 proceedings were initiated, the deadlines for Ponderosa’s cases should naturally fall approximately
13 one month before those for KTC and FTC. Further, as explained above, FTC and KTC are filing
14 motions to consolidate their respective rate cases, which involve the same attorneys and all of the
15 same witnesses. As it sets the schedule for the “Group B” rate cases, the Commission should also
16 be aware that FTC and KTC have the same attorneys as Ponderosa and will be relying on one
17 common expert witness with Ponderosa (Dr. Lehman). Based on prior experience in similar cases
18 and the pre-Application interactions with Cal Advocates, FTC understands that Cal Advocates is
19 also likely to have some common staffing on these cases.

20 FTC proposes the following joint schedule for address its rate case and the parallel KTC
21 rate case:

24 ⁶⁶ See Res. ALJ-185 at 2, 5; D.82-07-086 (“If the parties cannot resolve their differences . . . they are urged
25 to seek some form of relatively inexpensive and expeditious solution, such as mediation or arbitration by
one or more persons of appropriate experience. Such prompt action should benefit all users . . . and might
eliminate eventual costly litigation.”).

26 ⁶⁷ See S.D. Cal. Civil Local Rule 16.1(c) (requiring “early neutral evaluation” within 45 days of filing an
27 answer to discuss claims and attempt settlement); N.D. Cal. ADR Local Rules 1-2, 2-3; S.D. Cal. Civil
28 Local Rule 16.1(c) (requiring “early neutral evaluation” within 45 days of filing an answer to discuss
claims and attempt settlement); N.D. Cal. ADR Local Rules 1-2, 2-3; *see also* State Bar Guidelines of
Civility and Professionalism, § 13.

⁶⁸ See D.20-08-011 at 55 (OP 8).

Event	D.15-06-048 Schedule Without Adjustment (days after application)	Applicant's Proposed Schedule (days after application)
Application Filed	Tuesday, 11/1/22 (0 days)	Tuesday, 11/1/22 (0 days)
Protest Deadline	Thursday, 12/1/22 (30 days)	Thursday, 12/1/22 (30 days)
Reply to Protest(s)	Tuesday, 12/12/22 (41 days)	Tuesday, 12/12/22 (41 days)
Prehearing Conference	Monday, 1/2/23 (60 days)	Thursday, 1/5/23 (63 days)
Scoping Memo	<i>Not specified</i>	Thursday, 1/19/23 (77 days)
Intervenor Testimony	Friday, 3/31/23 (150 days)	Friday, 3/31/23 (150 days)
Rebuttal Testimony	Monday, 5/1/23 (180 days)	Tuesday, 5/30/23 (210 days)
Public Participation Hearing	<i>Not specified</i> ⁶⁹	Thursday 6/9/23 (220 days)
Hearings	Tuesday, 5/30/23-Thursday 6/9/23 (210-220 days)	Monday 7/10/23-Friday 7/14/23 (251-255 days)
Opening Briefs	Tuesday, 7/11/23 (252 days)	Thursday 8/10/23 (282 days)
Reply Briefs	Tuesday, 8/1/23 (273 days)	Friday 9/1/23 (304 days)
Proposed Decision	Thursday, 9/28/23 (331 days)	Wednesday 11/1/23 (365 days)
PD Comments	Wednesday, 10/18/23 (351 days)	Tuesday 11/21/23 (385 days)
Voting Meeting	November 2023 (361-390 days)	December 2023 (395-415 days)
Implement New Rate Design	January-February 2024 (390-420 days)	January 1, 2024 (426 days)

In addition, for ease of reference, a consolidated schedule for FTC, KTC, and Ponderosa is displayed in **Exhibit K** hereto, including the schedule proposed in Ponderosa's application in A.22-10-004. If adopted, that schedule will avoid conflicts and maximize efficiency in each of the Group B cases. FTC will engage in further meet and confer efforts with Cal Advocates in advance of the anticipated PHC to pursue a consensus schedule, or, at a minimum, narrow differences between the parties.

E. Scope of Discovery.

As the Commission recognized in the CHCF-A proceeding, the formal "GRC process for the Small ILECs can be described as lengthy, expensive, and burdensome." D.21-06-004 at 27. One of the most significant drivers of this rate case expense is the discovery process, and the number of data requests propounded has been grossly disproportionate to the size of these companies and the scope of their applications. In FTC's most recent rate case, the large number of data requests greatly increased the burden and expense of the process. *See Clark Opening Testimony* at 58. FTC is also aware of the extent and nature of discovery in the "Group A" rate

⁶⁹ The rate case plan references a date range 0 to 150 days after the application as the timeframe in which the PPHs should take place. As explained above, based on the high likelihood that Cal Advocates will propose higher rates than FTC, the PPH in this case should be held after Cal Advocates' testimony is submitted.

1 cases, which has continued to be extensive. For example, Sierra has answered more than 520 data
2 requests, including sub-parts, including many on topics that are beyond the Commission's
3 jurisdiction, outside of the temporal purview of the rate case, or unnecessary given the
4 Commission's fixed historical timeframe from which "broadband imputation" must be
5 calculated.⁷⁰ Volcano and Siskiyou had similar experiences,⁷¹ creating significant burdens and
6 unduly increasing rate case expense, which the Commission has now deemed entirely
7 unrecoverable for companies whose corporate operations expenses exceed the "corporate
8 operations cap" or "operating expense limitation."⁷²

9 To mitigate the burdens of the process and help conserve FTC's limited resources, the
10 Assigned Commissioner and the assigned ALJ should take two proactive steps to impose
11 reasonable limits on discovery. First, the Commission should restrict discovery regarding
12 "broadband imputation" to confirming the "completeness and accuracy" of the "broadband-related
13 revenues and expenses" of the 2021 ISP financials that have been supplied with this Application in
14 a "financial statement in a format . . . provided by . . . Communications Division." D.21-04-005 at
15 24 (OP 2). Questions about other years and requests for broader ISP operational information are
16 not relevant to the determining broadband imputation. It is appropriate for the Commission to
17 circumscribe discovery on this subject to mitigate disputes and avoid imposing unnecessary
18 regulatory expenses for which there is no reasonable means of recovery.⁷³

19 Second, the ALJ should impose a discovery cutoff 10 business days before the start of
20 evidentiary hearings, to allow parties to focus on hearing preparations, rather than responding to
21 last-minute data requests. A discovery cutoff will avoid abuse of the discovery process in these
22 critical moments. It will also encourage parties to efficiently serve data requests well in advance
23

24 ⁷⁰ Sierra received over 520 data requests from Cal Advocates in connection with its ongoing rate case.

25 ⁷¹ Volcano received over 890 data requests and Siskiyou received over 750 data requests from Cal
Advocates in connection with its ongoing rate case.

26 ⁷² See D.21-06-004 at 24.

27 ⁷³ As explained above, FTC's expenses are already above the corporate expense cap and the operating
expense limitation that the Commission has adopted without the possibility of rebuttal, and rate case
28 expense is not separately recoverable based on the Commission's decisions in Phase 2 of the CHCF-A
rulemaking. See D.21-06-004 at 24 (denying recovery of rate case expense outside the corporate expense
cap); D.21-08-042 at 22-24 (denying recovery of the additional rate case expense imposed by the addition
of broadband imputation to rate cases).

1 of hearings, helping to resolve disputes earlier and increase the chance of settlement. The
2 Commission has ample authority to impose reasonable restrictions on discovery, and it has
3 imposed certain limits in specific proceedings to promote efficiency.⁷⁴ For example, a reasonable
4 discovery cutoff of 13 days before evidentiary hearings was imposed by the ALJ in FTC’s most
5 recent rate case, and a similar measure should be adopted here.⁷⁵

6 Based on the past experiences of the parties, there are material risks of excessive discovery
7 in this proceeding, and FTC’s proposals for reasonable limitations are justified. FTC reserves the
8 right to propose additional measures based on the scope and extent of data requests that may be
9 propounded as this proceeding moves forward.

10 VI. SUMMARY OF TESTIMONY.

11 In addition to the facts and authorities in this Application, FTC has served comprehensive
12 pre-filed testimony in support of its proposed relief, as follows:

13 **Rhonda Armstrong, Vice President of Administrative Services:** Ms. Armstrong
14 provides an overview of FTC’s operations, service territories, customer bases, and overall business
15 objectives, grounded in her history of living and working in FTC’s service area. Ms. Armstrong
16 will also address the importance of keeping customer rates at current levels to avoid making
17 FTC’s services unaffordable for consumers.

18 **David Clark, Regulatory Manager:** Mr. Clark provides the ratemaking calculations
19 necessary to support FTC’s revenue requirement and rate design proposals. He performs a
20 depreciation study to identify reasonable going-forward rates to reflect the diminution in value of
21 FTC’s infrastructure over time. Mr. Clark addresses cost allocations, jurisdictional separations,
22 affiliate transactions, and compliance items from the CHCF-A proceeding and prior rate cases.

23 **Tom Dominico, Vice President of Technology:** Mr. Dominico provides an overview of
24

25 ⁷⁴ See D.06-12-042 at 4-7 (finding discovery restrictions were justified to expedite a timely resolution and
26 avoid delay and denying applications for rehearing alleging that limitations imposed on discovery were
27 legal error); A.17-10-004 (Foresthill rate case), *ALJ Ruling Denying Cal Advocates’ Motion for*
28 *Reconsideration* at 2 (Aug. 13, 2018) (imposing discovery cutoff and assigning discovery referee); *see also*
Code of Civ. Proc. § 2017.020(a); *People v. Sarpas*, 225 Cal.App.4th 1539, 1552-54 (2014) (limiting the
number of interrogatories given that the “needs of the case did not warrant all of the interrogatories” and
the volume was “unwarrantedly” oppressive, unduly burdensome and expensive).

⁷⁵ A.17-10-004, *ALJ Ruling Denying Cal PA Motion for Reconsideration* at 2 (Aug. 10, 2018).

1 the Company's investment in its network to ensure that it is delivering safe, reliable voice service
2 over a broadband-capable platform that is compliant with federal and state regulatory
3 requirements, and that it provides adequate emergency response. Mr. Dominico further describes
4 FTC's future investment in telecommunications network construction and maintenance. In
5 addition, Mr. Dominico describes the steps that FTC has taken to ensure that its network is
6 resilient, that its emergency response is efficient, and that its business practices prioritize safety.
7 In addressing these topics, Mr. Dominico discusses FTC's efforts to preserve and restore service
8 in the face of the Mosquito Fire, which impacted areas in and around FTC's service territory.

9 **Dr. Dale Lehman, PhD Economist:** Dr. Lehman, an economist with a
10 telecommunications policy background, provides economic support for establishing FTC's "all-
11 inclusive" basic, residential rate and supports FTC's proposal to avoid rate increases for the low-
12 income and middle-income customers that comprises its service territories. Dr. Lehman
13 summarizes economic metrics and market dynamics affecting affordability in FTC's areas, and
14 includes comparative data showing that FTC's rates are already among the highest in the country
15 amongst rural telephone companies, further militating against significant rate increases.

16 VII. LIST OF EXHIBITS.

17 This Application includes the following exhibits:

18	Exhibit A	Executive Director Letter Extending Filing Date
19	Exhibit B	Summary of Depreciation Rates and Balances
20	Exhibit C	Broadband Imputation Calculations
21	Exhibit D	Most Recent Financial Statements
22	Exhibit E	Depreciation Reserve and Expense
23	Exhibit F	Tariff Changes
24	Exhibit G	Summary of Estimated Earnings
25	Exhibit H	Notices of Publication
26	Exhibit I	Customer Notices
27	Exhibit J	Lease, License, and Property Access Revenue Report
28	Exhibit K	Proposed Procedural Schedule

1 **VIII. PRAYER FOR RELIEF.**

2 WHEREFORE, FTC respectfully requests that this Commission issue a decision:

3 1. Adopting the revenue requirement of \$3,722,399 for test year 2024 for FTC, to take
4 effect on January 1, 2024, and remain in place until they are modified in a subsequent rate case or
5 through another properly scoped Commission proceeding;

6 2. Adopting the rate designs proposed in this Application, including a CHCF-A draw
7 after broadband imputation of <<START CONFIDENTIAL [REDACTED] END
8 CONFIDENTIAL>> for FTC, subject only to annual adjustments through the CHCF-A advice
9 letter process governed by D.91-09-042;

10 3. Adopting the depreciation rates proposed herein;

11 4. Adopting basic rates of \$26.00 for residential customer and \$36.00 for business
12 customers, and including all custom calling features and voice mail in the basic rates;

13 5. Adjusting FTC's tariffs to implement the rate changes proposed herein;

14 6. Establishing a mechanism for reversing the effects of broadband imputation on the
15 calculations in this rate case if the pending appellate challenge addressing this policy is successful
16 and the Commission's Broadband Imputation Decision is annulled; and

17 7. Providing such other relief as may be necessary and proper.
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Executed at Oakland, California on this 1st day of November 2022.
Sarah J. Banola
Patrick M. Rosvall
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By: /s/ Patrick M. Rosvall
Patrick M. Rosvall

Attorneys for Foresthill Telephone Co.

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Exhibit A

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



July 18, 2022

File No.: R.11-11-007

Patrick M. Rosvall, Esq.
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436 14th Street, Suite 1205
Oakland, CA 94612
patrick@brblawgroup.com

RE: Request of Foresthill Telephone Co. and Kerman Telephone Co. for One-Month Extension of Filing Dates Under Rate Case Plan

Dear Patrick Rosvall:

On July 1, 2022, Foresthill Telephone Co. (Foresthill) and Kerman Telephone Co. (Kerman) (collectively, the Companies) filed a letter with the Executive Director of the California Public Utilities Commission (Commission), pursuant to Rule 16.6 of the Commission's Rules of Practice and Procedure. The letter requests a one-month extension to November 1, 2022 of the October 1, 2022 deadline for the Companies to file their general rate case (GRC) applications, with a corresponding adjustment to the pre-application deadlines linked to the application filing date as set forth in the Rate Case Plan in Decision (D.) 15-06-048, as modified in D.20-08-011.

In D.20-08-011, the Commission modified the timing for the filing of the Companies' GRCs by moving Kerman from Group A and Foresthill from Group C and placing both into Group B, recognizing that "combining Kerman and Foresthill's GRCs into the same group 'will streamline the GRC process and promote efficiency.'" *Id.* at 44. The letter states that (1) the Companies operate under the same corporate structure and that their rate cases will be prepared and managed by the same employees, (2) the Companies had understood that, as a result of moving into Group B, they would be permitted to file a joint GRC application, (3) the Companies have recently been informed that the Commission's Docket Office and Communications Division prefer that the GRC applications of Kerman and Foresthill be separate, (4) the Companies had already prepared an initial draft GRC application that would be submitted jointly that now must be separated into two submissions, with similar adjustments to the various pre-application submissions, and (5) those adjustments have created additional, unexpected work for the Companies that merits a reasonable extension.

I hereby grant the request of Foresthill and Kerman for a one-month extension of time to November 1, 2022, for filing their GRC applications, with a corresponding

Patrick M. Rosvall, Esq.

July 18, 2022

Page 2

adjustment to the pre-application deadlines linked to the application filing date as set forth in the Rate Case Plan in D.15-06-048, as modified in D.20-08-011.

Pursuant to Rule 16.6 of the Commission's Rules of Practice and Procedure, Foresthill and Kerman shall promptly notify the service list of Rulemaking 11-11-007 via electronic mail that this request was granted.

Sincerely,

A handwritten signature in black ink that reads "Rachel Peterson". The script is cursive and fluid, with the first name and last name clearly distinguishable.

Rachel Peterson
Executive Director

Exhibit B

FORESTHILL TELEPHONE
Depreciation Study Comparison
December 31, 2024

Account	Description		Present	Proposed		
			%	%		Difference
2111	Land		0.00%	0.000%		0.000%
2112	Vehicles		11.08%	6.902%		-4.178%
2114	Other Work Equipment		1.53%	19.016%		17.486%
2121	Buildings		2.78%	2.330%		-0.450%
2122	Furniture		7.10%	1.000%		-6.100%
2123	Office Equipment		8.86%	23.049%		14.189%
2124	General Purpose Computers		1.93%	8.368%		6.438%
2682.10	Leasehold Improvements		23.70%	23.700%		0.000%
2212	Central Office Switching		1.11%	1.110%		0.000%
2220	COE-Operator System		0.00%	8.310%		8.310%
2231.10	Radio Equipment		8.31%	8.310%		0.000%
2232.10	COE-Circuit Eqpt.		14.95%	2.249%		-12.701%
2411	Poles		3.41%	0.847%		-2.563%
2421	Aerial Cable		5.90%	4.747%		-1.153%
2421.20	Aerial Cable/Non-Metallic		2.80%	2.800%		0.000%
2422.10	Underground Cable - Metallic		0.18%	3.709%		3.529%
2422.20	Underground Cable - Non-metallic		2.80%	3.623%		0.823%
2423.10	Buried Cable - Metallic		4.65%	0.710%		-3.940%
2431.10	Aerial Wire		0.00%	0.000%		0.000%
2441	Conduit		3.76%	3.310%		-0.450%

Exhibit C
[Public]

Confidential; portions redacted

Question		Answer	Additional Information
1	Name of ILEC	Foresthill Telephone Co.	
2	ILEC physical address	5915 Gold Street, Foresthill, CA	
3	Name of Affiliate ISP Corp.	Audeamus	
4	ISP physical address	7600 N. Palm Ave, Fresno, CA	
5	Does this ISP affiliate provide Internet access throughout the ILEC territory?	Yes	
6	Does this ISP affiliate provide Internet access outside the ILEC's territory?	Yes	
7	Does this affiliate provide Internet access using alternate platform? If Yes, please describe.	No	
8	Does the ISP affiliate use any common building or facilities in providing internet access service to the ILEC territory and conducting other businesses? If yes, how are expenses allocated between internet service and other businesses?	A portion of the buildings in Kerman/Foresthill/Fresno are all allocated to the ISP based upon the Land and Building Study completed by Sebastian as discussed in responses to B12 and E5.	

Exhibit D



Sebastian (Foresthill)
Income Statement Summary
For the Period Ending August 31, 2022

	Actual
OPERATING REVENUES	
Local Service	415,963
Local Service - CHCF	1,787,341
Network Access Service	2,562,301
Network Access - FUSF	736,700
Miscellaneous	38,018
TOTAL OPERATING REVENUES	5,540,323
OPERATING EXPENSES	
Plant Specific Operations Exp	
Plant Operations	1,333,561
Depreciation/Amortization Exp	701,157
Customer Operations	600,646
Corporate Operations Expense	1,039,491
Interest Expense	72,886
Property Taxes	185,370
TOTAL OPERATING EXPENSES	3,933,110
TOTAL NET OPERATING INCOME (before I-Tax)	1,607,213
OTHER OPERATING INCOME/EXPENSE	
Operating Taxes	449,744
Deferred Income Taxes	-
TOTAL OPERATING INCOME TAXES	449,744
NET OPERATING INCOME AFTER INCOME TAX	1,157,469
Nonoperating Income/Expense	
Net Non-Op Income After Income Tax	6,375
Other Nonregulated Revenues	15,088
TOTAL OTHER INCOME/EXPENSE	21,463
NET INCOME	1,136,006



Sebastian (Foresthill)
Balance Sheet Summary
As of August 31, 2022

ASSETS

CURRENT ASSETS

Cash And Equivalents	1,878,581
Telecommunications - Accounts Receivable	1,392,719
Affiliate Accounts Receivable	-
Other Current Assets	403,346
Total Current Assets	<u>3,674,646</u>

NONCURRENT ASSETS

Other	5,900
Total Noncurrent Assets	<u>5,900</u>

REGULATED PLANT

Regulated Plant Under Construction	476,752
Regulated Plant In Service	39,837,452
Regulated Accumulated Depreciation	(25,359,180)
Leasehold Improvements	-
Total Regulated Plant	<u>14,955,024</u>

TOTAL ASSETS 18,635,570

LIABILITIES AND SHAREHOLDERS EQUITY

CURRENT LIABILITIES

Accounts Payable	315,211
Affiliate Accounts Payable	294,195
Other Current Liabilities	444,951
Curr Mature-Long Term Debt	287,800
Total Current Liabilities	<u>1,342,158</u>

Total Long Term Liabilities 4,608,078

Total Deferred Income Taxes 1,901,000

SHAREHOLDERS EQUITY

Capital	2,981,998
Retained Earnings	6,666,330
Current Year Net Income	1,136,006
Total Shareholders' Equity	<u>10,784,334</u>

TOTAL LIABILITIES AND SHAREHOLDERS EQUITY 18,635,570

**SEBASTIAN**

*Foresthill Telephone Company
Consolidated Statements of Cash Flows
For the Period Ended August 31, 2022*

***January 1, 2022 -
August 31, 2022***

Cash Flows from Operating Activities:

<i>Net (loss) income</i>	1,136,006
<i>Adjustments to reconcile net (loss) income to net cash</i>	
Depreciation and amortization	701,157
Allowance for funds used during construction	(2,458)
 Increase (decrease) in cash due to changes in assets and liabilities:	
Subscriber accounts receivable	(495,489)
Settlement and access receivables	143,832
Parent and affiliates receivables	430,191
Other accounts receivable	4,081
Materials and supplies	(58,655)
Prepaid expenses	26,292
Prepaid income taxes	39,506
Accounts payable	218,138
Parent and affiliates payables	(154,501)
Advance billings and other	(910)
Accrued compensated absences	1,695
Accrued Income Taxes	(374,490)
Accrued pension	105,599
 <i>Net Cash from Operating Activities</i>	 <i>\$1,719,993</i>

Cash Flows from Investing Activities:

<i>Net acquisitions of property, plant, and equipment</i>	(643,000)
 <i>Net Cash from Investing Activities</i>	 <i>(643,000)</i>

Cash Flows from Financing Activities:

<i>Repayment of long-term debt</i>	(183,412)
<i>Dividends paid</i>	(1,018,000)
 <i>Net Cash Provided from Financing Activities</i>	 <i>(1,201,412)</i>

<i>Net Change in Cash and Cash Equivalents</i>	<i>(124,419)</i>
---	-------------------------

<i>Cash and Cash equivalents, beginning of period</i>	<i>2,003,000</i>
--	-------------------------

<i>Cash and Cash equivalents, end of period</i>	<i>1,878,581</i>
--	-------------------------

Exhibit E

FORESTHILL TELEPHONE CO
DEPRECIATION RESERVE/EXPENSE

2024

28-Oct-22

ACCOUNT DESCRIPTION	ACCOUNT NUMBER	BEGINNING BALANCE	DEPRECIATION	RETIREMENTS	SALVAGE	COST OF REMOVAL	ADJUSTMENTS	ENDING BALANCE	AVERAGE BALANCE
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1 LAND	3121.11	0	0	0	0	0	0	0	0
2 MOTOR VEHICLES	3121.12	(233,332)	(21,816)	0	0	0	0	(255,149)	(244,241)
3 OTHER WORK EQUIP	3121.14	(72,807)	(65,829)	0	0	0	0	(138,636)	(105,721)
4 BUILDINGS	3121.21	(202,638)	(11,765)	0	0	0	0	(214,403)	(208,520)
5 FURNITURE	3121.22	(68,461)	0	0	0	0	0	(68,461)	(68,461)
6 OFFICE SUPPORT EQUIP	3121.23	(87,427)	(50,176)	0	0	0	0	(137,604)	(112,515)
7 GNRL PURPOSE COMPUTERS	3121.24	(1,194,218)	(121,035)	0	0	0	0	(1,315,252)	(1,254,735)
8 LEASEHOLD IMPROVEMENTS	3400.10	(248,239)	0	0	0	0	0	(248,239)	(248,239)
9 DIGITAL SWITCHING	3122.13	(1,225,509)	(14,741)	0	0	0	0	(1,240,250)	(1,232,880)
10 OPERATOR SYSTEM	3122.20	0	0	0	0	0	0	0	0
11 COE RADIO	3122.31	(336,183)	0	0	0	0	0	(336,183)	(336,183)
12 CIRCUIT EQUIP	3122.33	(6,795,665)	(160,978)	0	0	0	0	(6,956,643)	(6,876,154)
13 STATION APPS	3123.11	0	0	0	0	0	0	0	0
14 911 EMER EQUIP	3123.12	0	0	0	0	0	0	0	0
15 CUSTOMER PREM WIRE	3123.21	0	0	0	0	0	0	0	0
16 PUBLIC TEL EQUIP	3123.51	0	0	0	0	0	0	0	0
17 POLES	3124.11	(43,367)	(445)	0	0	0	0	(43,812)	(43,589)
18 AERIAL CABLE	3124.21	(7,263)	(506)	0	0	0	0	(7,769)	(7,516)
19 AERIAL CABLE/NON-METALLIC	3124.24	(83)	(41)	0	0	0	0	(124)	(103)
20 UNDERGROUND CABLE	3124.22	(2,230,271)	(93,509)	0	0	0	0	(2,323,780)	(2,277,026)
21 UNDERGROUND CABLE/NON-MET	3124.02	(1,258,003)	(179,298)	0	0	0	0	(1,437,301)	(1,347,652)
22 BURIED CABLE	3124.23	(5,555,569)	0	0	0	0	0	(5,555,569)	(5,555,569)
23 AERIAL WIRE	3124.31	(2)	0	0	0	0	0	(2)	(2)
24 CONDUIT SYSTEMS	3124.41	(8,308,460)	(637,425)	0	0	0	0	(8,945,886)	(8,627,173)
TOTAL OPERATING		(27,867,497)	(1,357,565)	0	0	0	0	(29,225,062)	(28,546,280)

Exhibit F

Schedule No. A-1

FLAT RATE EXCHANGE SERVICE

APPLICABILITY

Applicable to business and residence flat rate service.

TERRITORY

Within the exchange area, as said area is defined on a map filed as part of the tariff schedules.

RATES

	<u>Rate per Month</u>		
	<u>Residence</u>	<u>Business</u>	
Basic Local Service *			(C)
Each one-party access line	\$26.00	\$36.00	(I)
Hunting Service –			
Each one-party access line arranged for hunting	.75	.75	
Coin Supervision Transmission –			
Per Public Access Line (PAL)	-	2.21	

* All custom calling services from Schedule A-16 and voice mail services from Schedule A-27 are included with the basic local service (N)
(N)

(Continued)

(To be inserted by the utility)

Issued by

(To be inserted by Cal. P.U.C.)

Advice Letter No. ###

Date Filed Month Day, Year

Decision No. _____

William S. Barcus
NAME
President
TITLE

Effective January 1, 2024

Resolution No. _____

Schedule No. A-1

FLAT RATE EXCHANGE SERVICE
(Continued)

SPECIAL CONDITIONS

1. Individual line business and residence service will be furnished at the rates listed in the Rates preceeding. (C)
(C)
2. The rates for access line service do not include a telephone set with the line.
3. Hunting Service involves two or more central office lines. The lines are arranged so that a call for the first line is completed to a succeeding line in the group when the first line is in use.
4. Hunting Service is offered in connection with business individual access line service subject to the availability and physical limitations of central office switching equipment. (T)

(Continued)

(To be inserted by the utility)

Issued by

(To be inserted by Cal. P.U.C.)

Advice Letter No. 263

Date Filed March 6, 2006

Decision No. _____

William S. Barcus
NAME
President
TITLE

Effective January 1, 2007

Resolution No. _____

Schedule No. A-1

FLAT RATE EXCHANGE SERVICE

(Continued)

SPECIAL CONDITIONS - (Continued)

6. PUBLIC ACCESS LINE (PAL) SERVICE

A. DESCRIPTION

1. Public Access Line (PAL) Service

PAL Service provides an access line for use with a pay telephone and is available where facilities and operating conditions permit. A pay telephone is defined as a coin or coinless instrument provided in a public or semi-public place where Payphone Service provider customers can originate telephonic communications and pay the applicable charges by (1) inserting coins into the equipment; (2) using a credit card; (3) third party billing the call; or (4) calling collect.

This service allows the customer, within certain limitations to establish the call rate for sent paid local and long distance calls placed from the PAL. The customer, for purposes of this service is the individual or entity who subscribes to the access line or, the pay phone service provider.

2. Coin Supervision/Transmission

Coin Supervision/Transmission is a feature that provides coin signaling. It is a line side connection from the local exchange switch to the point of demarcation at the customer premise.

This Feature is an additive to the operation of a public access line. The Utility offers those features that are provided by the functionality of the Utility's switches. These include coin supervision, coin control (collect and return of coins, if applicable), and answer supervision. The charge for this feature is assessed monthly to the pay phone service provider for each PAL exchange service line for which Coin Supervision/Transmission is provided.

Coin Supervision/Transmission, including coin line signaling, coin collect and return (where applicable) and answer supervision, are provided by the Utility pursuant to standards set forth in Technical Publications TRTSY000-52-8 and SRTSV002275. It shall be the responsibility of the Payphone Service Provider to assure technical and operational compatibility with the coin line features offered by the Utility.

(Continued)

(To be inserted by the utility)

Issued by

(To be inserted by Cal. P.U.C.)

Advice Letter No. 172-A

Date Filed _____

Decision No. _____

Ralph Hoeper

Effective _____

NAME

President

Resolution No. _____

TITLE

Schedule No. A-1

FLAT RATE EXCHANGE SERVICE

(Continued)

SPECIAL CONDITIONS - (Continued)

6. PUBLIC ACCESS LINE (PAL) SERVICE - (Continued)

A. DESCRIPTION - (Continued)

2. Coin Supervision/Transmission - (Continued)

Coin Supervision/Transmission includes answer supervision and coin collection and return. Answer Supervision provides signaling on the line notifying the line that the called party has answered. Coin Collection and Return provides an electrical signal on a PAL exchange line indicating to the payphone equipment to collect or return coin(s) to the calling party.

B. DIRECTORY LISTINGS

1. Directory listings are provided in accordance with Tariff Schedule Cal. P.U.C. No. 10 under the conditions for furnishing business service.
2. Joint User Service is not furnished with PAL.

C. SPECIAL CONDITIONS

1. PAL services will be considered a business service for the purpose of applying the conditions in the rules of this tariff concerning establishing/re-establishing credit.
2. Applicable non-recurring service charges, as set forth in Schedule Cal. P.U.C. No. A-14, apply in addition to the recurring rates set forth in RATES preceding.
3. The demarcation point between Utility facilities will generally be the minimum point of entry at the customer's premises. A Standard Network Interface (SNI) will be installed at a location determined by the Utility which is accessible to both the customer and the Utility. The Network Terminal Unit (NTU) is optional.
4. Pay telephones cannot be used with any other class of service.
5. The Utility shall not be liable for shortages of coins collected and deposited at the customer's equipment.
6. The limitation of the Utility's liability is as set forth in Rule No. 24.

(Continued)

(To be inserted by the utility)

Issued by

(To be inserted by Cal. P.U.C.)

Advice Letter No. 172-A

Date Filed _____

Decision No. _____

Ralph Hooper

Effective _____

NAME

President

Resolution No. _____

TITLE

Schedule No. A-1

FLAT RATE EXCHANGE SERVICE
(Continued)

SPECIAL CONDITIONS - (Continued)

6. PUBLIC ACCESS LINE (PAL) SERVICE - (Continued)

C. SPECIAL CONDITIONS - (Continued)

7. PAL services may not be used with Foreign Exchange, Wide Area Telephone Service, Private Line Service, Custom Calling Services and Remote Call Forwarding.
8. A customer, at their option, may deposit \$.25 as payment for a local coin message. Such customers shall not be entitled to a refund of the extra \$.05.
9. Calls placed from the Foresthill exchange to the communities listed in Preliminary Statement, I. Expanded Local Calling Area will be considered a local call.
10. The PSP is responsible for installing on or adjacent to each payphone instrument a prominent display in signage or screen indicating the following in well lighted and clearly legible form:
 - a. Cost Information
 1. local call rate and long distance rates
 2. local calls made by use of 101XXXXX, calling card, or operator handled services may cost more than directly dialing the local number
 3. any time limit on a local call
 - b. Dialing Instructions
 1. dialing sequence (coin or dial first)
 2. how to reach local and long distance operators
 3. 1 and 0 plus dialing instructions
 - c. No Charge Telephone Numbers
 1. 911 Emergency or other dialing sequence
 2. owner/operator of telephone
 3. refunds, repairs, complaints
 4. 711 for connection to the California Relay Service

(C)

(C)

(N)

(L)

(L)

(L) Material now shown on Original Cal. P.U.C. Sheet No. 1470-T

(To be inserted by the utility)

Issued by

(To be inserted by Cal. P.U.C.)

Advice Letter No. 215

Date Filed _____

Decision No. _____

Effective _____

Ralph Hooper

NAME

President

TITLE

Resolution No. T-16546

(Continued)

Schedule No. A-1

FLAT RATE EXCHANGE SERVICE

(Continued)

SPECIAL CONDITIONS - (Continued)

6. PUBLIC ACCESS LINE (PAL) SERVICE - (Continued)

C. SPECIAL CONDITIONS - (Continued)

d. Identification

1. Name and no charge telephone number of the owner/operator who can assist with a problem about the payphone instrument for an end user within the LATA of the payphone instrument
2. Name of Operator Service Provider
3. State if no incoming calls allowed
4. Address of payphone instrument
5. Telephone number or identification number of payphone instrument
6. Long Distance Carrier (optional)

(C)

(C)

D. CUSTOMER RESPONSIBILITIES

1. Pay telephones connected to PAL service must be registered in compliance with Part 68 of the FCC Rules and Regulations or connected behind an FCC registered protective coupler under Part 68 of the FCC rules.
2. The PAL must be configured in such a way that the access line provides a unique address to the 911 Public Safety Answering Point when 911 is dialed.
3. The customer shall be responsible for the installation, operation and maintenance of the customer owned public telephone plus all ancillary equipment such as booths, shelves, lighting directories, etc., used in connection with this service.
4. The pay telephone plus all ancillary equipment must comply with the requirements of all applicable federal, state and local laws and regulations concerning disabled, handicapped and/or hearing impaired persons.

(L)

(L)

(L)

(L)

(L) Material previously shown on Revised Cal. P.U.C. Sheet No. 1322-T.

(Continued)

(To be inserted by the utility)

Issued by

(To be inserted by Cal. P.U.C.)

Advice Letter No. 215

Date Filed _____

Decision No. _____

Effective _____

Ralph Hoeper
NAME

President
TITLE

Resolution No. T-16546

Schedule No. A-1

FLAT RATE EXCHANGE SERVICE

(Continued)

SPECIAL CONDITIONS - (Continued)

6. PUBLIC ACCESS LINE (PAL) SERVICE - (Continued)

D. CUSTOMER RESPONSIBILITIES - (Continued)

5. The customer will be responsible for permanently installing on, or adjacent to, each Pay Telephone a prominent display indicating the following in well-lighted and clearly legible form:

Cost information: (1) The cost of a sent paid local call will be prominently displayed; (2) the time limit on a local call (if any); (3) procedures for obtaining long distance rates; (4) that local calls made by use of IOXXX, calling card or operator handled services may cost more than directly dialing the local number.

Dialing instructions: (1) Dialing sequence (coin or dial first); (2) dial O to reach an operator; (3) dialing instructions for reaching long distance operator; (4) 1+ and O+ dialing instructions.

No charge telephone numbers: (1) E9-1-1 Emergency prominently displayed; (2) owner/operator; (3) refunds, repairs, complaints; (4) intraLATA directory assistance; (5) repair service.

Identification: (1) Name and free number of owner/operator; (2) name of operator services provider; (3) long distance provider (optional); (4) state if no incoming calls are allowed; (5) location of the phone; (6) payphone number or identification for emergency use.

6. Pay telephones will have the following operational characteristics:
- a. Must be able to access an intraLATA and/or an interLATA operator at no charge and without using a coin.
 - b. Must be able to access E9-1-1 Emergency Service.
 - c. Must be able to access Repair Service designated by the customer; at no charge, without using a coin, and the customer's repair service for reporting trouble or complaints, and requesting refunds or general assistance.
 - d. Must be able to access intraLATA directory assistance service at no charge, without using a coin.

(Continued)

(To be inserted by the utility)

Issued by

(To be inserted by Cal. P.U.C.)

Advice Letter No. 172-A

Date Filed _____

Decision No. _____

Ralph Hoeper

Effective _____

NAME

President

Resolution No. _____

TITLE

Schedule No. A-1

FLAT RATE EXCHANGE SERVICE

(Continued)

SPECIAL CONDITIONS - (Continued)

6. PUBLIC ACCESS LINE (PAL) SERVICE - (Continued)

D. CUSTOMER RESPONSIBILITIES - (Continued)

6. (Continued)

- e. Must comply with applicable Federal, State, and Local laws, rules, and regulations concerning the use of these telephones by disabled persons and the hearing impaired, which include the following general requirements:

Handset cord is a minimum of 29" in length.

Telephone books, if provided, shall be located in a position that complies with reach ranges

If the total number of four or more public telephones are provided (including both interior and exterior) at a site, and at least one is in an interior location, then at least one interior public text telephone shall be provided.

- f. Must be able to access 950-XXX, where facilities permit, at no charge, without using a coin.
- g. Must be able to access 800-XXX-XXXX and 888-XXX-XXXX dialing at no charge, without using a coin.
- h. Must be able to access 10XXX, where FGD is available.
- i. Must return coins deposited in the event of an attempted but uncompleted call.

This coin return shall be made immediately after the call hangs up. An attempted but uncompleted call refers to a call which results in a caller encountering (a) a busy signal; (b) a ring no answer; or (c) a network recording. In addition, the customer shall make refunds promptly upon plausible user complaint about failure of the pay telephone to return coins, poor transmission, premature disconnection, or other service problems.

(Continued)

(To be inserted by the utility)

Issued by

(To be inserted by Cal. P.U.C.)

Advice Letter No. 172-A

Date Filed _____

Decision No. _____

Ralph Hooper

Effective _____

NAME

President

Resolution No. _____

TITLE

Schedule No. A-1

FLAT RATE EXCHANGE SERVICE

(Continued)

SPECIAL CONDITIONS -(Continued)

6. PUBLIC ACCESS LINE (PAL) SERVICE -(Continued)

D. CUSTOMER RESPONSIBILITIES -(Continued)

6. (Continued)

- j. Must provide access to sent-paid and non-sent-paid calling and local, intraLATA toll, and interLATA calling requirements by type of pay phone as follows:

Coin-Single
Denomination:

Local sent and non-sent paid
InterLATA non-sent paid

Coin-Multiple
Denomination:
IntraLATA sent paid

Local sent and non-sent paid
InterLATA non-sent paid

Universal
Coin/Credit:

Local sent and non-sent paid
IntraLATA sent paid

InterLATA non-sent paid

Non-Coin:

Local non-sent paid
InterLATA non-sent paid

- k. Intrastate/interLATA directory assistance shall be available to the caller at no more than the rate caps authorized by the CPUC.

- l. Must install pay phones and enclosures which are in compliance with California handicap access requirements.

All customers operating 100 or more pay telephones shall ensure that at least 5 percent, including at least one accessible telephone, of pay telephone in high traffic areas will be equipped with volume control, (amplified handsets) and appropriate identification signage per D. 87-04-027.

- m. Must be able to access 711 for connection to the California Relay Service

(Continued)

(To be inserted by the utility)

Issued by

(To be inserted by Cal. P.U.C.)

Advice Letter No. 215

Date Filed _____

Decision No. _____

Ralph Hoeper

NAME

President

TITLE

Effective _____

Resolution No. T-16546

Schedule No. A-1

FLAT RATE EXCHANGE SERVICE

(Continued)

SPECIAL CONDITIONS -(Continued)

6. PUBLIC ACCESS LINE (PAL) SERVICE -(Continued)

D. CUSTOMER RESPONSIBILITIES -(Continued)

7. The customer will be responsible for payment of Utility and/or interexchange carrier toll rates for all paid toll calls originating from this service, including directory assistance calls.

The customer will be responsible for any applicable federal, state or local taxes on the Public Access Line or on calls made from the Public Access Line.

9. The customer must comply with CPUC General Order 107-B Rule and Regulations concerning the Privacy of Telephone Communications.

10. The pay telephone equipment must be programmed as follows:

- a. The rates and charges for intrastate calling and service from all pay phones must be in accordance with applicable tariffs and any rate caps authorized by the CPUC.
- b. The length of a sent-paid local call may be limited by requiring the deposit of additional money. The minimum time period before cut-off of a local coin call shall be 15 minutes. If a time limit is imposed, the customer shall provide the caller with a voice-over instruction or beep warning at the end of the time period to afford the caller the opportunity to deposit more money before the call is terminated.
- c. The customer may set a maximum rate of not more than \$.20 for a sent-paid local call from a PAL.
- d. The customer will be responsible for call screening, call blocking, and/or call rating.
- e. The rates for IntraLATA non-local coin calls and non-sent paid calling made from a PAL shall be the same as the rates for such calls as described in Pacific Bell Cal. P.U.C. Schedule No. A62.1 in which Foresthill Telephone concurs.

(Continued)

(To be inserted by the utility)

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Advice Letter No. 172-A

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Decision No. _____

Ralph Hoeper

Effective _____

NAME

President

Resolution No. _____

TITLE

Schedule No. A-1

FLAT RATE EXCHANGE SERVICE

(Continued)

SPECIAL CONDITIONS -(Continued)

6. PUBLIC ACCESS LINE (PAL) SERVICE -(Continued)

D. CUSTOMER RESPONSIBILITIES -(Continued)

10. (Continued)

e. (Continued)

Non-local coin calls:

Pay-phone service providers may charge end users a maximum rate of not more than \$.10 per call above the authorized Utility rate for non-local IntraLATA coin calls made from a PAL.

The charge for these calls shall be made on a pre-paid basis for an initial three minutes. Additional minutes may be charged on a prepaid basis, priced on two minute increments rounded to the nearest \$0.05, with announcement of additional charges and pending termination of the call made at least five seconds before expiration of the current calling period, or charged on a post-pay basis in incremental periods (e.g., each five minutes of overtime used beyond the initial three minutes.)

IntraLATA non-sent paid calling:

The customer may set a maximum rate of not more than the authorized Utility rate for a intraLATA non-sent paid call made from a PAL.

All pay phone providers shall be authorized, but not required, to charge end users a non-sent-paid "Pay Station Service Charge" up to 25 cents per non-sent-paid intraLATA call made over its pay telephones. No pay phone provider shall be required to impose this charge.

When imposed, this new charge shall be an incremental rate applicable for pay stations in addition to the Utility's presently tariffed surcharges for revenue producing "O-" intraLATA calls.

The customer may provide O+ operator and billing services for O+ intraLATA calls provided that any such call shall be routed from any such pay phone through the Utility's originating central office for completion over the intraLATA message toll network and for billing by the Utility under the intraLATA message toll tariff.

(Continued)

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Schedule No. A-1

FLAT RATE EXCHANGE SERVICE

(Continued)

SPECIAL CONDITIONS -(Continued)

6. PUBLIC ACCESS LINE (PAL) SERVICE -(Continued)

D. CUSTOMER RESPONSIBILITIES -(Continued)

10. (Continued)

e. (Continued)

IntraLATA non-sent paid calling: -(Continued)

Operator response time shall not exceed 20 seconds after the called number is dialed by the caller.

Operator service personnel shall quote the appropriate rates for their services at the caller's request, for the call as placed.

In the intraLATA "O+" and "O-" operator services market serving pay phones, operator service personnel shall refer the caller to the appropriate dialing pattern if the caller prefers to use the LEC operator services to complete an intraLATA "O+" or "O-" call.

A 150-day backbilling period shall be imposed for non-sent paid calls originating from pay phones (i.e., the billed party must be billed for non-sent-paid calls originating from pay phones within 150 days from the date the calls were made, if they are to be billed at all.

The "mechanized rate" shall be applied to the calling card and commercial credit card calls unless the caller requests that the operator complete the call using O- procedures.

- f. The customer must true-up rates to match the Utility's toll schedules in effect on January 1 of each year (with allowance for the allowed revenue margin of 10 cents per call for non-local intraLATA coin calls. This annual true-up must be completed no later than February 1 of each year. Compliance with this true-up requirement constitutes compliance with the maximum rate limitations set forth in 6. D. 10. e.

g. InterLATA calls:

The customer may set a maximum rate of not more than \$.10 per call above AT&T Communications of California's authorized coin rate for an interLATA intrastate non-local and non-sent-paid.

(Continued)

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TITLE

Schedule No. A-1

FLAT RATE EXCHANGE SERVICE

(Continued)

SPECIAL CONDITIONS -(Continued)

6. PUBLIC ACCESS LINE (PAL) SERVICE -(Continued)

D. CUSTOMER RESPONSIBILITIES -(Continued)

10. (Continued)

g. (Continued)

For interLATA 0+, the operator service personnel shall instruct the caller to dial 950-XXXX, 10XXX, or 800/888 XXX-XXXX if the caller prefers to use the operator service/inter-exchange carrier of his/her choice to make a non-sent-paid interLATA call, and the operator services personnel shall not be required to provide to the caller the specific number for reaching the caller's preferred carrier/operator services provider. Determination of the number shall be the caller's responsibility.

- h. The customer will be required to route all intraLATA calls from its payphone through the Utility's transmission facilities, and to route all interLATA calls from its payphone through the access facilities.

11. When pay telephones are in violation of this tariff, the Utility will take whatever action is necessary to protect its network and will promptly notify the customer in writing of the violation.

- a. The customer will discontinue use of the pay telephone or correct the violation and notify the Utility in writing within five (5) days after receipt of such notice that the violation has been corrected.
- b. Failure of the customer to discontinue such use or to correct the violation will result in the suspension of the customer service until such time as the customer complies with the provisions of this tariff.

12. The customer shall be responsible for the payment of charges for visits by a Utility employee to the customer's payphone when the service difficulty is caused by the payphone.

13. The customer must notify the Utility of all pay telephone installations, transfers of ownership, relocation's, or replacements. The Utility will accept an oral or written notification. Normal installation charges or supersedure charges, as appropriate, will apply.

(Continued)

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Schedule No. A-1

FLAT RATE EXCHANGE SERVICE

(Continued)

SPECIAL CONDITIONS - (Continued)

6. PUBLIC ACCESS LINE (PAL) SERVICE - (Continued)

D. CUSTOMER RESPONSIBILITIES - (Continued)

14. The customer is responsible for the installation and maintenance of any inside wire and standard jack(s) on the customer's side of the local loop demarcation point.

E. BILLING AND COLLECTING OF PAY STATION SERVICE CHARGE

1. The Utility will process call information recorded by the Utility.
2. The Utility will bill and collect the Pay Station Service Charge for customers connecting a PAL to the Utility's network, as specified in this tariff.
3. The Utility will bill and collect only for zero-plus (O+) non-sent paid calls and will not bill and collect for zero-minus (O-) calls.
4. Billing and Collecting Service will be provided for calls which originate and terminate within the same LATA.
5. The Utility will bill and collect only a Pay Station Service Charge of \$.25.
6. The back billing limitations shall apply to billing and collection of the Pay Station Service Charge.

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TITLE

Resolution No. _____

Schedule No. A-16

CUSTOM CALLING SERVICE

APPLICABILITY

Applicable to Custom Calling Service furnished in connection with individual line business and residence service.

TERRITORY

Within the exchange area as said area is defined on a map filed as part of the tariff schedules.

RATES

	<u>Monthly Rate# **</u>		(C)
	<u>Business</u>	<u>Residence</u>	
1. Individual Features, each line *			
a. Call Forwarding	\$0.00	\$0.00	(R)
b. Call Waiting	0.00	0.00	
c. Cancel Call Waiting	0.00	0.00	
d. Three-Way Calling	0.00	0.00	
e. Customer Changeable Speed Calling			
1. 8 Code capacity	0.00	0.00	
2. 30 Code capacity	0.00	0.00	
f. Teen Service/Distinctive Ringing	0.00	0.00	
g. Busy Call Forwarding	0.00	0.00	
h. Delayed Call Forwarding	0.00	0.00	(R)

* Includes all stations

** Custom calling service now included with basic local service.

In addition to the applicable Multi-Element Service Charges.

(N)

(Continued)

(To be inserted by the utility)

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Advice Letter No. ###

Date Filed Month Day, Year

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Effective January 1, 2024

NAME

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Resolution No. _____

TITLE

Schedule No. A-16

(N)

CUSTOM CALLING SERVICE
(Continued)

RATES – (Cont'd)

Monthly Rate#
Business Residence

2. Two Feature Packages, each line*

(N)

(L)

See Rates 1 and the Discount Plans in Rates 6 for the rates offered with more than one package.

(T)(L)

* Includes all stations

(N)

In addition to the applicable Multi-Element Service Charges.

(N)

(L) Rates 2 previously shown on Schedule No. A-16, Cal. P.U.C. Sheet No. 1183-T in different format.

(Continued)

(N)

(To be inserted by the utility)

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William S. Barcus

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TITLE

Effective January 5, 2006

Resolution No. _____

Schedule No. A-16

CUSTOM CALLING SERVICE
(Continued)

RATES – (Continued)

(D)

(D)

See Rates 6 for the discounts available for more than one feature ordered.

(T)

(Continued)

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Schedule No. A-16

CUSTOM CALLING SERVICE
(Continued)

RATES - (Continued)

(D)

(D)

See Rates 6 for the discounts available for more than one feature ordered.

(T)

(Continued)

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TITLE

Schedule No. A-16

CUSTOM CALLING SERVICE
(Continued)

RATES - (Continued)

		<u>Monthly Rate# ***</u>		(C)
		<u>Business</u>	<u>Residence</u>	
5.	Advanced Calling Features*			
a.	Call Return	\$ 0.00	\$ 0.00	(R)
b.	Repeat Dialing.....	0.00	0.00	
c.	Priority Ringing.....	0.00	0.00	
d.	Selective Call Forwarding.....	0.00	0.00	
e.	Selective Call Rejection	0.00	0.00	
f.	Selective Call Acceptance	0.00	0.00	
g.	Anonymous Call Rejection	0.00	0.00	(R)
h.	Caller ID.....	0.00	0.00	
i.	Caller ID Selective or Complete Blocking			
1.	Before January 31, 2006:			
	Each customer's initial selection of Selective Blocking or Complete Blocking, or change in their blocking selection.....	No Charge	No Charge	
2.	On or after January 31, 2006:			
(a)	Each customer may change their blocking selection one time free of charge .			
(b)	After the customer's one free change, the customer will be charged for each change in their blocking selection	0.00	0.00	(R)
j.	Call Waiting ID:@	No Charge	No Charge	
		<u>Credit</u> <u>Per Month **</u>		
		<u>Business</u>	<u>Residence</u>	
6.	Custom Calling and Voice Mail Services			
	Multiple Feature Discount Plan, per line***			(C)
a.	Two Features	\$ 0.00	\$ 0.00	(R)
b.	Three Features	0.00	0.00	
c.	Four Features.....	0.00	0.00	
d.	Five or More Features	0.00	0.00	(R)

* Includes all stations

** Rates 1. and 5. in Schedule No. A-16 qualify for discounts as well as Schedule No. A-27, Voice Mail Services, Rates 9.

*** Custom calling service now included with basic local service.

In addition to the applicable Multi-Element Service Charges.

@ Rates for Caller ID and Call Waiting apply in addition to this rate.

(Continued)

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TITLE

Effective January 1, 2024

Resolution No. _____

Schedule No. A-16

CUSTOM CALLING SERVICE
(Continued)

RATES - (Continued)

		Per		Monthly Cap	
		<u>Business</u>	<u>Residence</u>		
7.	Usage Sensitive Feature:*				(C)
	Call Trace	\$ 0.00	\$ 0.00	\$0.00	(R)
		Per		Monthly Cap	
		<u>Business</u>	<u>Residence</u>		
8.	Usage Sensitive Custom Calling Service* (see Special Conditions 10):				(C)
a.	Call Return	\$0.00	\$0.00	\$0.00	(R)
b.	Repeat Dialing.....	0.00	0.00	0.00	(R)
c.	Charge to Remove Blocking of Usage Sensitive Custom Calling Service	0.00	0.00	--	(R)

* Custom calling service now included with basic local service. (N)

(Continued)

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Advice Letter No. ###

Date Filed Month Day, Year

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Effective January 1, 2024

NAME

President

Resolution No. _____

TITLE

Schedule No. 16

CUSTOM CALLING SERVICE
(Continued)

SPECIAL CONDITIONS – (Continued)

1. Custom Calling Service requires special central office equipment and will be provided only where facilities are available.
2. Custom Calling Service will not be provided in connection with Public Access Line Service, Private Branch Exchange Trunk Line Service or Centrex Service. (C)
3. Description of Service

a. Call Forwarding

Call Forwarding permits the customer to arrange his service to automatically forward (transfer) all incoming calls to another telephone number, and to restore it to normal operation at his discretion.

b. Call Waiting

Call Waiting permits the customer engaged in a call, to receive a time signal indicating a second call is waiting, and by operation of the switchhook to place the first call on hold and answer the waiting call. The customer may alternate between the two calls by operation of the switchhook, but a three way conference cannot be established.

c. Cancel Call Waiting

Cancel Call Waiting allows a customer to dial an activation code prior to making a call, and cancel the Call Waiting feature. Cancel Call Waiting must be activated each time the customer wants Call Waiting canceled. Exception: customers subscribing to a Custom Calling Service that provides "flash privileges", such as Three-Way Calling, can activate the Cancel Call Waiting Feature while an incoming or outgoing call is in progress.

d. Three-Way Calling

Three-way Calling permits the customer to add a third party to an established connection. When the third party answers, a two-party conversation can be held before adding the original party for a three-way conference. The customer initiating the conference controls the call and may disconnect the third party to reestablish the original connection or establish a connection to a different third party. The feature may be used on both outgoing and incoming calls.

(Continued)

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NAME

President

Resolution No. _____

TITLE

Schedule No. A-16

X

CUSTOM CALLING SERVICE
(Continued)

SPECIAL CONDITIONS – (Continued)

3. Description of Service – (Continued)

(N)

e. Customer Changeable Speed Calling

Customer Changeable Speed Calling permits the customer to place calls to the other numbers by dialing a one or two digit code rather than the complete telephone number. The feature is available as an eight or thirty code list. Either code list may include local and/or toll telephone numbers.

To establish or change a telephone number in a code list, the customer dials an activating code, receive a second dial tone and dials either a one or two digit code (for eight code and thirty code lists respectively) plus the telephone number.

(L)

(L)

(L) Special Conditions 4 – 8 are now shown in Schedule A-16, Cal. P.U.C. Sheet No. 1662–T as Special Conditions 4 – 7.

X – Correction.

(Continued)

(N)

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William S. Barcus

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Effective January 5, 2006

Resolution No. _____

Schedule No. A-16

(N)

CUSTOM CALLING SERVICE
(Continued)

SPECIAL CONDITIONS – (Continued)

3. Description of Service – (Continued)

f. Teen Service/Distinctive Ringing

Teen Service/Distinctive Ringing permits the customer to add an additional telephone number to an existing one party individual line. It provides distinctive ringing and call waiting tones for each number.

g. Busy Call Forwarding

Busy Call Forwarding permits the forwarding of incoming calls when the customer's line is busy. The forwarded number is fixed by the customer service order. Calls may be forwarded outside the customer's local central office.

h. Delayed Call Forwarding

Delayed Call Forwarding permits the forwarding of incoming calls when the customer's line remains unanswered after customer-designated number of rings. The number of rings and the forwarded numbers are fixed by the customer service order. Calls may be forwarded outside the customer's local central office.

(N)

(Continued)

(N)

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Schedule No. A-16

(N)

CUSTOM CALLING SERVICE
(Continued)

SPECIAL CONDITIONS – (Continued)

3. Description of Service – (Continued)

i. Advanced Calling Feature Descriptions:

- (1) **Call Return** (*Automatic Recall*) - This is an incoming call management feature that allows customers to have call setup performed automatically to the calling party of the last incoming call. This applies whether the incoming call was answered or unanswered. A call initiated by Call Return will appear on the customer's billing record by area code and prefix only. Under no circumstances will the calling party's telephone number be announced.
- (2) **Repeat Dialing** (*Automatic Call Back*) - This is an outgoing call management feature that allows customers to redial the last number called from their station. This applies regardless of whether the original call was answered, unanswered, or encountered a busy tone. The system monitors the calling and called lines and attempts to connect the call for up to 30 minutes. The activation of this feature can be canceled by the customer when desired.
- (3) **Priority Ringing** (*Distinctive Ringing/Call Waiting*) - This is an incoming call management feature that allows customers to define a list of calling directory numbers (DNs) that provide the customer with special incoming call treatment. Any incoming calls on this list are indicated by a distinctive ringing pattern or a distinctive Call Waiting tone, if applicable. Terminating calls from telephone numbers which are not on the list, or which cannot be identified, is given standard treatment.
- (4) **Selective Call Forwarding** - This allows customers to have certain terminating calls forwarded to a designated remote directory number. This activity occurs whenever a call is received from a number which has been indicated on a list of numbers. Terminating calls from telephone numbers which cannot be identified, or which have not been indicated on the list, are given standard terminating treatment.

(N)

(Continued)

(N)

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TITLE

Schedule No. A-16

(N)

CUSTOM CALLING SERVICE
(Continued)

SPECIAL CONDITIONS – (Continued)

3. Description of Service – (Continued)

i. Advanced Calling Feature Descriptions: (Continued)

- (5) **Selective Call Rejection** - This allows customers to define a list of calling directory numbers (DNs) to be screened. Any calling numbers on this list are routed to a Utility recorded announcement and rejected. These calls are treated as incomplete calls and not billed to the calling party. All other calls are treated normally. The calling party on the rejection list receives an announcement stating the call is not presently being accepted by the called party.
- (6) **Selective Call Acceptance** - This allows customers to define a list of calling DN's that will be accepted. Any calling numbers not on that list are routed to a Utility recorded announcement and rejected. Those calls will be treated as incomplete calls and not billed to the calling party. The calling party not on the acceptance list receives an announcement stating that the call is not presently being accepted by the called party. Customers can review and change the list of accepted numbers as desired.
- (7) **Anonymous Call Rejection** - This feature allows customers with or without caller identification services to reject calls for which calling name/number display information has been intentionally blocked. Only calls for which the information has been blocked are rejected. Rejected calls are sent to an operating Utility recorded announcement, and those calls will be treated as an incomplete call and not billed to the calling party.
- (8) **Caller ID (Calling Number Delivery)** - This allows customers to receive the calling number on incoming calls. The number is delivered to the called party's customer premises equipment (CPE) in the interval between the first and second ring. The calling number remains for the duration of the call and can be viewed from the display on the CPE.

(N)

(Continued)

(N)

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TITLE

Schedule No. A-16

CUSTOM CALLING SERVICE
(Continued)

SPECIAL CONDITIONS – (Continued)

3. Description of Service – (Continued)

i. Advanced Calling Feature Descriptions: (Continued)

- (9) **Caller ID Blocking** - This allows the calling party to suppress their directory number (DN) so that the called party with Calling Number Delivery does not receive the information. The called party receives a "private" message instead of the calling party's DN. Caller ID Blocking does not work when calling 800/866/877/888, 900 service, and E9-1-1. There are two free available blocking options:
- a) Caller ID Blocking - Per Call (Advertised as "Selective Blocking" to the public) - This feature will block the delivery of the customer's number to a Caller ID customer for one call only and may be activated from all individual access lines by pressing *67 or dialing 1167 from a rotary phone prior to placing the call.
- b) Caller ID Blocking - Per Line (Advertised as "Complete Blocking" to the public) - This feature will automatically block the delivery of the customer's number to a Caller ID customer on all calls. A customer is able to unblock their line on a specific call by pressing *82 or dialing 1182 from a rotary phone prior to placing the call.
- (10) **Call Waiting ID** - This is an enhancement to Call Waiting that provides a display of the calling party's telephone number in a waiting call. This enables the customer to decide on the disposition of the call in progress. This feature requires subscription to both Caller ID and Call Waiting.
- (11) **Call Trace** (*Customer Originated Trace*) - This allows customers to initiate a trace on the last incoming call by dialing an activation code. The call is traced automatically, and the printout of the originating DN and the time the call was made is forwarded to a predetermined location, not to the customer. The customer then contacts the Utility or law enforcement agency to determine further action.

(N)
|
(N)

(T)

(Continued)

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William S. Barcus

Effective November 11, 2009

NAME

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TITLE

Schedule No. A-16

(N)

CUSTOM CALLING SERVICE
(Continued)

SPECIAL CONDITIONS – (Continued)

(N)

4. The Call Forwarding Service customer is responsible for the payment of applicable charges for each completed call between their call forwarding equipped station and the station to which the call is forwarded. Toll charges apply to all forwarded calls that are answered at the station to which the calls are forwarded.

(L)

(T)

(T)

(D)

(D)

(D)

5. Custom Calling Service features may be provided to customers with either rotary dial telephone or touch calling telephones.

6. The quality of transmission of calls which are forwarded or on Three-Way Calling may vary depending on the distance and the routing necessary to complete each call and normal transmission is not guaranteed on any forwarded call or three-way call.

(T)

(T)

(D)

(D)

(D)

7. Only one type of customer changeable speed calling may be provided on each line, either eight code or thirty code.

(T)

(L)

(L) Material previously shown in Schedule No. A-16, Cal. P.U.C. Sheet No. 1185-T.

(Continued)

(N)

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Schedule No. A-16

(N)

CUSTOM CALLING SERVICE
(Continued)

SPECIAL CONDITIONS – (Continued)

8. Each customer subscribing to Teen Service/Distinctive Ringing will receive, at no extra charge, an additional listing in the white pages of the telephone directory.
9. Caller ID service requires customer premises equipment that will display the number calling. The Advanced Calling features will only work outside the serving area if the called number of calling number is served from capable switches and adequate terminal equipment.

10. Usage Sensitive Custom Calling Service

a. Description of Service

Usage Sensitive Custom Calling Service allows customers to use Call Return by pressing *69 or dialing 1169, and Repeat Dialing by pressing *66 or dialing 1166 on a pay-per-use basis. Customers are charged for each successful activation of the feature. If the call is completed, any toll charges incurred will continue to apply and be billed separately.

For Call Return and Repeat Dialing, a successful activation is defined as an attempt by the Utility's central office switch to ring the called party's line. A completed call is not guaranteed. Charges are incurred for utilizing the feature in an attempt to complete a call and not for completion of the call itself. Charges will not be assessed if call setup results in a busy condition (the called line remains busy for the entire 30-minute activation period). Additional charges will not be assessed when the calling party reactivates or deactivates the feature to the same number within the 30-minute activation period.

The functionality of these features do not differ from the existing features offered for a monthly rate.

b. Regulations

- (1) Call Return and Repeat Dialing will only operate when both the caller and the call recipient are served from capable switches and within the same serving LATA.
- (2) The customer is not required to order the features unless they wish to subscribe to the features as a monthly service.

(Continued)

(N)

(To be inserted by the utility)

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Advice Letter No. 259

Date Filed December 7, 2005

Decision No. _____

William S. Barcus

Effective January 5, 2006

NAME

President

Resolution No. _____

TITLE

Schedule No. A-16

(N)

CUSTOM CALLING SERVICE
(Continued)

SPECIAL CONDITIONS – (Continued)

10. Usage Sensitive Custom Calling Service – (Continued)

b. Regulations – (Continued)

- (3) The Utility shall, upon request from the customer, provide blocking of the Usage Sensitive Call Return and Repeat Dialing features free of charge. Customers may request blocking by calling the business office.
- (4) Each customer is obligated to pay the applicable service charge for the removal of blocking from their telephone line(s) as shown in Rates 8.C.
- (5) The Utility shall make a one-time adjustment for charges incurred per account if it is established that, (a) the customer did not know a charge applied per activation of the features, (b) the activations were made by a minor child and the calls were made without parental consent, (c) the calls were not authorized by the customer of record, or (d) the customer inadvertently activates the feature. The customer of record must request an adjustment within 60 days of the bill date on the bill in question. The customer will be informed of the blocking option at the time of the adjustment.
- (6) The service charge for unblocking a residence and business access line will not be charged if the unblocking is requested at the time the customer orders one or more Custom Calling features on a monthly basis.

(N)

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Effective January 5, 2006

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Resolution No. _____

TITLE

Schedule No. A-20

UNIVERSAL LIFELINE TELEPHONE SERVICE

APPLICABILITY

- (1) Applicable to eligible residence customers for Universal LifeLine Telephone Service (ULTS) a.k.a. California LifeLine Program or LifeLine furnished pursuant to the Moore Universal Telephone Service Act and in accordance with General Order 153. The Utility as listed throughout this Schedule is identified as the California LifeLine Service Provider in GO 153.
- (2) The Utility shall provide federal credits for Lifeline Assistance as defined in FCC 47 C.F.R. 54.401 (a) on a non-discriminatory basis to all qualifying low-income customers. The Utility's Lifeline service offering shall comply with all applicable federal laws, including but not limited to, 47 C.F.R Part 54, Subpart E; the FCC's Lifeline Reform Order (Report and Order released February 6, 2012, WC Docket No. 11-42, et. al.), the FCC's Lifeline Modernization Order (Third Report and Order released on April 27, 2016, WC Docket No. 11-42, FCC 16-38, et. al.), and any subsequent revision.

TERRITORY

Within the exchange areas, as said areas are defined on a map filed as part of the tariff schedules.

RATES AND CHARGES

The differences between the regular tariffed rates and charges and the rates and charges in this Schedule are recovered from the California ULTS Fund, Federal Lifeline Program and/or the Federal Link Up Program.

(1) Access Line Service:

	<u>Rate per Month</u>		
	Full LL Support*	Reduced LL Support	
a. <u>Federal Lifeline:</u>			
1. Local Flat Rate Service***	\$26.00	\$26.00	(C)
2. End User Common Line (EUCL) Charge	6.50	6.50	
3. Federal Lifeline Credit	-9.25	-5.25	
4. California Makeup Support Credit	0.00	-2.00	
5. California Specific Support Credit	-16.23	-16.23	(I)
6. California LifeLine Flat Rate Service	\$7.02	\$9.02	(R)
b. <u>CA-Only Lifeline:</u>			
1. Local Flat Rate Service***	\$26.00	\$26.00	(C)
2. End User Common Line (EUCL) Charge	6.50	6.50	
3. California Makeup Support Credit**	-9.25	-7.25	
4. California Specific Support Credit	-16.23	-16.23	(I)
5. California LifeLine Flat Rate Service	\$7.02	\$9.02	(R)

* Full Lifeline Support is provided if a customer also subscribes to a qualifying broadband package that meets or exceeds the FCC's applicable Lifeline minimum broadband standard or satisfies the exception in 47 C.F.R. Section 54.408.

** If the customer qualifies for Lifeline service using a program not recognized under federal program-based eligibility standards or pursuant to the higher income eligibility standard in California, a "California Makeup Support Credit" will be applied to provide credit in the same amount as would otherwise be applied if the customer established eligibility through a federally-recognized mechanism.

*** All custom calling services from Schedule A-16 and voice mail services from Schedule A-27 are included with the basic local service. (N)

(Continued)

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Advice Letter No. ###

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Decision No.

William S. Barcus
NAME
President
TITLE

Effective January 1, 2024

Resolution No.

Schedule No. A-20

UNIVERSAL LIFELINE TELEPHONE SERVICE
(Continued)

RATES AND CHARGES - (Continued)

Service Charge*

(2)	Service Connection Charges: (See Special Conditions 5)		(T)
a.	Each New Service Order for Initial Install:		(L)
1.	New Service Order Charge	\$14.00	
2.	Central Office Connection Work Charge	<u>16.00</u>	
		30.00	
3.	Federal Link Up Credit	0.00	
4.	California LifeLine Credit	<u>- 23.00</u>	
5.	California LifeLine Service Connection Charge	\$7.00	(L)
b.	Each Subsequent New Service Order:		
1.	New Service Order Charge	\$14.00	
2.	Central Office Connection Work Charge	<u>16.00</u>	
		30.00	
3.	California LifeLine Credit	<u>-23.00</u>	(T)
4.	California LifeLine Service Connection Charge	\$7.00	
c.	Each Non-Payment Reconnect Charge:		
1.	Restoral Charge	\$20.00	
2.	California LifeLine Credit	<u>-13.00</u>	(T)
3.	California LifeLine Service Connection Charge	\$7.00	
d.	Each change to convert to ULTS:		
1.	Change Charge	\$7.00	
2.	California LifeLine Credit	<u>0.00</u>	
3.	California LifeLine Service Conversion Charge	\$7.00	

* The differences between the regular tariffed rates and charges and the rates and charges in this Schedule are recovered from the California ULTS Fund, Federal Lifeline Program and/or Federal Link Up Program.

(L) Rates and Charges (2)a. previously shown on Cal. P.U.C. Sheet No. 1959.

(Continued)

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Date Filed October 30, 2020

Decision No. D.12-10-006

William S. Barcus

Effective December 1, 2020

NAME

President

TITLE

Resolution No. _____

Schedule No. A-20

UNIVERSAL LIFELINE TELEPHONE SERVICE
(Continued)

RATES AND CHARGES - (Continued)

	<u>Rate or Charge</u>	
(3) FCC End User Common Line (EUCL) Charge (covered in federal lifeline credit)	No Charge*	(C)
(4) Toll Blocking (Also called toll restriction)	No Charge	
(5) Surcharges for California only Lifeline or FCC/California customer	No Charge	(C)

ULTS Rates (1) and (2) are exempt from California High Cost Fund A (CHCF-A) surcharge, California High Cost Fund B (CHCF-B) surcharge, California Advanced Services Fund (CASF) surcharge, California Teleconnect Fund (CTF) surcharge, California Relay Service Communications Device Fund (DDTP) surcharge, the California LifeLine (ULTS) surcharge, and the CPUC User Fee.

- (6) Deposits (see Special Conditions 7)
- a. A deposit is not required to establish or reestablish credit for basic service for ULTS customers.
 - b. A deposit may be required to maintain basic service if the Utility discovers the customer no longer qualifies for ULTS.
 - c. A deposit may be required for non-basic service(s).
 - d. If it is determined that false information has been provided, correct information plus a deposit for non-basic service(s) will be required.

* Does not apply to State only ULTS unless the Lifeline customer has a TTY and then ULTS covers the second line. (N)
(N)

(Continued)

(To be inserted by the utility)

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Advice Letter No. 331A

Date Filed July 28, 2017

Decision No. _____

William S. Barcus
NAME
President
TITLE

Effective August 29, 2017

Resolution No. _____

Schedule No. A-20

UNIVERSAL LIFELINE TELEPHONE SERVICE
(Continued)

SPECIAL CONDITIONS

1. Eligibility Criteria for Obtaining and Retaining ULTS:

- a. Universal LifeLine Telephone Service (ULTS) is available to all residential customers who meet the following eligibility requirements:

- (1) The residence at which the service is requested is the subscriber's principal place of residence. An applicant for ULTS may report only one address in this state as his/her principal place of residence.

The residence premises household (dwelling unit) shall consist of that portion of an individual house or building, or one flat or apartment occupied entirely by a single family or individuals functioning as one domestic establishment.

The room or portion of a dwelling unit occupied exclusively by an individual not sharing equally as a member of the domestic establishment may be considered a separate residence for the application of ULTS.

- (2) The subscriber and the members of the subscriber's household collectively have one, only one, ULTS line, except as provided for elsewhere in this Schedule.
- (3) Residential customers may qualify for ULTS by meeting either the Income-Based Criteria or the Program-Based Criteria.
- (4) Income-Based Criteria:

Income-based criterion allows an applicant to enroll in ULTS if members of the applicant's household collectively earn no more than the mandated annual income limits. Total household income is defined in Rules 1.

The California Public Utilities Commission develops the eligibility requirements for qualified households to receive the California Lifeline discounts. The eligibility requirements can be found at <http://www.cpuc.ca.gov/lifeline/> and https://www.californialifeline.com/en/eligibility_requirements.

(C)
|
(C)

Customers must also provide proof of their total household income. Acceptable income documents are:

- (a) Prior year's state, federal, or tribal tax return,
(b) Current income statement for an employee or paycheck stub for three consecutive month's worth of the same type of statements within the last 12 months,

(Continued)

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Date Filed January 31, 2017

Decision No. 17-01-032

William S. Barcus
NAME
President
TITLE

Effective January 31, 2017

Resolution No. _____

Schedule No. A-20

UNIVERSAL LIFELINE TELEPHONE SERVICE
(Continued)

SPECIAL CONDITIONS (Continued)

1. Eligibility Criteria for Obtaining and Retaining ULTS: (Cont'd)

- a. Universal Lifeline Telephone Service (ULTS) is available to all residential customers who meet the following eligibility requirements: (Cont'd)

(4) Income-Based Criteria: (Cont'd)

Customers must also provide proof of their total household income. Acceptable income documents are: (Cont'd) (T)

- (c) Statement of benefits from Social Security, Veterans Administration, retirement/pension, unemployment compensation, and/or workmen's compensation,
- (d) A divorce decree,
- (e) Child support document,
- (f) Other official documents.

Borrowed money shall not be considered as income when determining eligibility for the ULTS program. Funds transferred from one account to another, such as from savings account to a checking account, shall not be considered as income when determining eligibility for the ULTS program, even if such funds are used for living expenses.

- (5) No customer who is claimed as a dependent on another person's income tax return shall be eligible for ULTS. (T)

(Continued)

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Decision No. _____

William S. Barcus
NAME
President
TITLE

Effective December 1, 2011

Resolution No. _____

Schedule No. A-20

UNIVERSAL LIFELINE TELEPHONE SERVICE

(Continued)

SPECIAL CONDITIONS - (Continued)

1. Eligibility Criteria for Obtaining and Retaining ULTS: - (Cont'd)

- a. Universal Lifeline Telephone Service (ULTS) is available to all residential customers who meet the following eligibility requirements: (Cont'd)

(6) Program-Based Criteria:

Program-based criterion allows an applicant to enroll in ULTS based on participation by the applicant or a member of the applicant's household in a means-tested programs approved by the Commission.

The California Public Utilities Commission develops the eligibility requirements for qualified households to receive the California Lifeline discounts. The eligibility requirements can be found at <http://www.cpuc.ca.gov/lifeline/> and https://www.californialifeline.com/en/eligibility_requirements.

(C)

(C)

- (7) For self-employed members, the "income from self-employment" shown on IRS Form 1040, Schedule C, line 29 shall be used to determine eligibility for ULTS.
- (8) A subscriber shall be eligible to receive two ULTS lines if: (i) the subscriber meets all ULTS eligibility criteria set forth above; (ii) a member of the subscriber's household is a disabled member and has immediate and continuous access within the household to a TTY; and (iii) the TTY is issued by DDTP or a medical certificate indicating the household member's need for a TTY is submitted.
- (9) All ULTS rules and regulations that apply to the one ULTS line shall apply equally to the second ULTS line provided to a subscriber.

(Continued)

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NAME

President

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Resolution No. _____

Schedule No. A-20

UNIVERSAL LIFELINE TELEPHONE SERVICE
(Continued)

SPECIAL CONDITIONS - (Continued)

1. Eligibility Criteria for Obtaining and Retaining ULTS: - (Cont'd)

- a. Universal LifeLine Telephone Service (ULTS) is available to all residential customers who meet the following eligibility requirements: (Cont'd)

- (10) Customers that verbally certify they meet the ULTS income limits and have proof of income or participate in an approved public program will receive an Application Form in the mail from the California LifeLine Administrator for completion and submission prior to being enrolled in the ULTS program. (T)
(T)
- (11) The completed Application Form and supporting documents, if any, must be received by the California LifeLine Administrator on or before the deadline date specified in the Application Form. (T)
(T)
- (12) Enrollment Process:
- (a) The Utility shall send a confirmation notice to all California LifeLine applicants informing them of the arrival of Application Forms from the California LifeLine Administrator and the requirement to return the completed forms with all required documentation. The notice shall also inform them that failure to return all the required documentation by the deadline date will result in denial of LifeLine service. (T)
(T)
- (b) Customers will incur regular tariff rates and charges until the approval of their California LifeLine Application Form process is completed. (T)
(T)
- (c) Customers will be converted to LifeLine service upon the Utility receiving confirmation of the customer's eligibility from the California LifeLine Administrator. (T)
(T)
- (d) Customers will receive a credit on their bill for the LifeLine discounts retroactive to their application date which will appear on their next bill. The customer may request a refund check for a net credit if the amount is over \$10.00. (T)
- (13) The Utility shall not knowingly enroll an applicant into the ULTS program who does not meet the ULTS eligibility criteria and the Utility shall not knowingly allow a subscriber to remain in the ULTS program who does not meet the ULTS eligibility criteria. (T)
(T)

(Continued)

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Advice Letter No. 306

Date Filed November 1, 2011

Decision No. _____

William S. Barcus
NAME
President
TITLE

Effective December 1, 2011

Resolution No. T-17321

Schedule No. A-20

UNIVERSAL LIFELINE TELEPHONE SERVICE
(Continued)

SPECIAL CONDITIONS - (Continued)

1. Eligibility Criteria for Obtaining and Retaining ULTS: - (Cont'd)

a. Universal LifeLine Telephone Service (ULTS) is available to all residential customers who meet the following eligibility requirements: (Cont'd)

- (14) The Utility shall not link the availability of discounted phone service under the ULTS program with the sale of non-ULTS services.
- (15) The Utility must inform the applicant that he or she may opt to receive the instructions for the Application Form in Braille (English Only) or the instructions and the Application Form in large print.
- (16) A subscriber changing his/her Utility shall not be required to undergo the Application Process, provided that the subscriber initiates California LifeLine service with his/her new Utility within 30 days of disconnecting California LifeLine service with the previous Utility and the subscriber maintains eligibility in all other respects. If a subscriber changes his or her principal place of residence, while maintaining eligibility in all other respects, the subscriber shall not be required to go through the Application Process again.
- (17) Pursuant to 47 C.F.R. §54.410(d) and 47 C.F.R. §54.410(f), Universal Lifeline Telephone Service (California LifeLine) Program applicants and participants must provide their date of birth and the last four digits of their social security number, or Tribal identification number, as part of the eligibility requirements for receiving the California LifeLine or enhanced Lifeline discounts.

(N)
|
(N)

(Continued)

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William S. Barcus

Effective December 12, 2012

NAME

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Resolution No. _____

TITLE

Schedule No. A-20

UNIVERSAL LIFELINE TELEPHONE SERVICE
(Continued)

SPECIAL CONDITIONS - (Continued)

2. Universal LifeLine Telephone Service (ULTS) is available to eligible customers subscribing to flat rate individual access line service.
3. ULTS includes all the service elements defined in Rule No. 1 for Basic Service.
4. ULTS is restricted to residence local exchange service. Foreign Exchange Service and other non-ULTS services are excluded from this offering. Non-ULTS lines will be available at the applicable regular tariffed rates and charges.
5. Discounted Non-Recurring Charges:
 - a. Initial Installation
 - (1) The ULTS connection charge is applicable to each eligible household residing at the same principal place of residence. (T)
 - (2) The ULTS connection charge may be applicable any time a subscriber (i) establishes ULTS, (ii) re-establishes ULTS at the same residence at which ULTS was previously provided (even when the customer was disconnected for nonpayment), (iii) establishes ULTS at a new residence, or (iv) switches ULTS from one utility to another. (T)
 - (3) Utilities may not impose a "central office charge" in addition to the ULTS connection charge when installing or activating California LifeLine. (T)
 - (4) Installation of a second and subsequent telephone service connections shall be subject to the Utility's regular tariffed rates for these connections, except that subscribers with a disabled household member may qualify for ULTS connection charges on two residential telephone connections. (T)
(T)

(Continued)

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William S. Barcus
NAME
President
TITLE

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Resolution No. T-17321

Schedule No. A-20

UNIVERSAL LIFELINE TELEPHONE SERVICE
(Continued)

SPECIAL CONDITIONS - (Continued)

5. Discounted Non-Recurring Charges: - (Continued)

b. Change Charges

The Universal LifeLine Telephone Service (ULTS) conversion charge is applicable each time a ULTS subscriber requests a change in the class (business or residential to ULTS), type (this means measured to flat rate service or vice versa, which is not applicable in our territory), or grade of service (this means going from one to two party service or vice versa, which is not applicable in our territory), including requests to change from Foreign Exchange Service. (T)
There is no limit on the number of times a ULTS subscriber may pay the ULTS conversion charge to change the class, type, or grade of service. This discounted charge excludes adding services not covered under the ULTS program. No conversion charge is assessed if a LifeLine applicant fails to qualify or if a LifeLine subscriber is removed from the LifeLine program (either voluntarily or involuntarily). (T)

6. Eligible subscribers of this service may have up to twelve months to pay the Utility for the reduced service connection charges without interest. The Utility may charge a late-payment fee when Universal LifeLine Telephone Service (ULTS) subscribers fail to timely remit some or all of the ULTS connection charge under a deferred-payment schedule. (T)

7. Deposits for establishment of service from applicants for new service, as outlined in Cal. P.U.C. Rule No. 7, will not be required of eligible ULTS recipients for ULTS. A deposit may apply for non-ULTS services. The Utility may require a ULTS customer to pay any overdue ULTS rates and charges, or make payment arrangements, before ULTS is reinstated at the same address or at a new address. The Utility may apply toll restriction to a ULTS customer's line when toll charges are not paid and optional services may be discontinued.

8. ULTS shall be subject to the conditions set forth in Cal. P.U.C. Rule No. 11, Discontinuance and Restoration of Service. Unless the customer directs otherwise; a partial payment will be applied towards the local service non-recurring and recurring charges, and federal taxes associated with this associated with this service. (T)

9. Applicants who wish to re-establish ULTS service after removal from the program will be treated as a new applicant, subject to the Application Process and G.O. 153 rules, and a Service Conversion Charge as shown in Rates (2) above (once the applicant has successfully re-established ULTS service). The ULTS discount will be effective on the Application Date and will not be applied retroactively to the prior enrollment period. (T)

(Continued)

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Decision No. _____

William S. Barcus
NAME
President
TITLE

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Resolution No. T-17321

Schedule No. A-20

UNIVERSAL LIFELINE TELEPHONE SERVICE
(Continued)

SPECIAL CONDITIONS - (Continued)

10. The California LifeLine Administrator will qualify new ULTS customers and verify the continued eligibility of existing ULTS customers. (T)

(Continued)

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TITLE

Schedule No. A-20

UNIVERSAL LIFELINE TELEPHONE SERVICE
(Continued)

SPECIAL CONDITIONS – (Continued)

11. Subscribers to Universal Lifeline Telephone Service (ULTS) must notify the Utility of a change in any condition which occurs that would cause the household to no longer qualify for the service or a second ULTS line. Upon receipt of notification, the Utility will change the service to regular tariffed rates for the service furnished. Service connection charges will not apply to the change in service. The three-month limitation to back bill, as set forth in Rule No. 9, is not applicable to this service.
12. Each ULTS customer is subject to the annual renewal process.
13. The Utility will annually mail a notification of availability of ULTS to all its residential customers.
14. In addition to the rates and conditions specified herein, all rules, regulations, charges, and rates in conjunction with the services furnished elsewhere in the tariffs are also applicable to the service provided under this schedule.
15. Optional services and equipment are not included in ULTS rates, but will be provided to ULTS customers at applicable tariffed rates and charges. Non-ULTS lines will be available to ULTS customers at the applicable regular tariffed rates and charges.
16. ULTS rates shall be applied to each monthly statement for the months this service is furnished and shall apply only for the duration of this service.
17. Definitions covered under the California LifeLine Program and words used throughout this Schedule are defined in GO153.

(D)

(D)

*Effective March 19, 2018, Special Conditions 18 was removed in compliance with Rulemaking 11-03-013 filed on March 16, 2018. The 60-day freeze and the exceptions were no longer practiced on March 19, 2018.

(N)

(N)

(Continued)

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William S. Barcus

Effective March 19, 2018

NAME

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Resolution No. _____

TITLE

Schedule No. A-20

UNIVERSAL LIFELINE TELEPHONE SERVICE
(Continued)

SPECIAL CONDITIONS – (Continued)

(D)

(D)

*Effective March 19, 2018, Special Conditions 18 was removed in compliance with Rulemaking 11-03-013
filed on March 16, 2018. The 60-day freeze and the exceptions were no longer practiced on March 19, 2018.

(N)

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Schedule No. A-20

UNIVERSAL LIFELINE TELEPHONE SERVICE
(Continued)

SPECIAL CONDITIONS – (Continued)

(D)

(D)

*Effective March 19, 2018, Special Conditions 18 was removed in compliance with Rulemaking 11-03-013 (N)
filed on March 16, 2018. The 60-day freeze and the exceptions were no longer practiced on March 19, 2018. (N)

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William S. Barcus

Effective March 19, 2018

NAME

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Resolution No. _____

TITLE

Schedule No. A-27

VOICE MAIL SERVICE

APPLICABILITY

Applicable to Voice Mail Service, an optional central office based voice message system, furnished in connection with individual line business and residence service.

TERRITORY

Within the exchange area, as said area is defined on maps filed as part of the tariff schedules.

RATES

	<u>Monthly Rate*</u>	(C)
1. Greeting Only Voice Mailbox Maximum greeting length - 4 minutes Maximum message/inquiry usage - 500 messages monthly	\$ 0.00	(R)
2. Economy Tree Only Voice Mailbox Maximum 3 routes Maximum greeting length - 4 minutes Maximum message/inquiry usage - 500 messages monthly	0.00	(R)
3. Basic Tree Only Voice Mailbox Maximum 8 routes Maximum greeting length - 4 minutes Maximum message/inquiry usage - 500 messages monthly	0.00	(R)
4. Economy Voice Mailbox Maximum greeting length - 1 minute Maximum message length - 1 minute Maximum message/inquiry usage - 500 messages monthly Message storage - 10 messages Unplayed retention - 7 days Played retention - 2 days	0.00	(R)
Automatic Wake-up option	0.00	(R)
Message Delivery option	0.00	(R)

* Voice mail service now included with basic local service. (N)

(Continued)

(To be inserted by the utility)

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Advice Letter No. ###

William S. Barcus

Date Filed Month Day, Year

Decision No.

NAME

Effective January 1, 2024

President

TITLE

Resolution No.

Schedule No. A-27

VOICE MAIL SERVICE
(Continued)

RATES - (Continued)

	<u>Monthly Rate*</u>	(C)
5. Basic Voice Mailbox	\$ 0.00	(R)
Maximum greeting length - 2 minutes		
Maximum message length - 2 minutes		
Maximum message/inquiry usage - 500 messages monthly		
Message storage - 20 messages		
Unplayed retention - 14 days		
Played retention - 5 days		
Answer Message option	0.00	(R)
Automatic Wake-up option	0.00	
Give Message option	0.00	
Group Broadcast option	0.00	
Message Delivery option	0.00	
Pager Notification option	0.00	
6. Enhanced Voice Mailbox	0.00	(R)
Maximum greeting length - 3 minutes		
Maximum message length - 3 minutes		
Maximum message/inquiry usage - 500 messages monthly		
Message storage - 30 messages		
Unplayed retention - 30 days		
Played retention - 10 days		
Answer Message option	Included/no charge	
Automatic Wake-up option	Included/no charge	
Give Message option	Included/no charge	
Group Broadcast option	Included/no charge	
Message Delivery option	Included/no charge	
Pager Notification option	Included/no charge	
Private Sending option	Included/no charge	
Return Receipt option	Included/no charge	
Urgent Sending option	Included/no charge	
7. Excess Message/Inquiry Usage		
Message/inquiry volumes		
in excess of 500 per month	.00 per call	(R)
* Voice mail service now included with basic local service.		(N)

(Continued)

(To be inserted by the utility)

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Decision No.

NAME

Effective January 1, 2024

President

TITLE

Resolution No.

Schedule No. A-27

VOICE MAIL SERVICE
(Continued)

RATES - (Continued)

		Monthly Rate**		(C)
8.	Optional Features:			
(a)	Auto Attendant	\$ 0.00		(R)
		Credit Per Month*		
		<u>Business</u>	<u>Residence</u>	
9.	Voice Mail and Custom Calling Services Multiple Feature Discount Plan, per line**			(C)
a.	Two Features	\$ 0.00	\$ 0.00	(R)
b.	Three Features	0.00	0.00	 (R)
c.	Four Features	0.00	0.00	
d.	Five or More Features	0.00	0.00	(R)

* Rates 1. through 6. in Schedule No. A-27 qualify for discounts as well as Schedule No. A-16,
Custom Calling Service, Rates 6.

** Voice mail service now included with basic local service. (N)

(Continued)

(To be inserted by the utility)

Issued by

(To be inserted by Cal. P.U.C.)

Advice Letter No. ###

William S. Barcus

Date Filed Month Day, Year

Decision No.

NAME

Effective January 1, 2024

President

TITLE

Resolution No.

Schedule No. A-27

(N)

VOICE MAIL SERVICE
(Continued)

SPECIAL CONDITIONS

1. Voice Mail Service requires special central office equipment and will be provided where there is available central office equipment with proper program updates as determined by the Utility.
2. Explanation of Terms
 - a. Answer Message - This feature allows a customer to record answers to messages left by other mailbox users and then automatically return that answer to the sender's mailbox.
 - b. Automatic Wake-up Option - This feature enables the delivery of a wake-up message to a designated toll free telephone number at a prespecified time. The customer may change the time and date of the wake-up message.
 - c. Customized Mailbox - Any mailbox arrangement that deviates from the standard mailbox offerings.
 - d. Give Messages - This feature allows a customer to transfer a message that they have received in their mailbox to another user's mailbox.
 - e. Group Broadcast Option - This feature allows a customer to establish and send a message to a group of mailboxes simultaneously.
 - f. Integrated Mailbox - A mailbox that is provisioned with a local telephone exchange line and is activated when a telephone call is forwarded from that line to a designated telephone number that is terminated on the voice mail system.
 - g. Maximum Greeting Length - The maximum amount of time allowed for a mailbox greeting.
 - h. Maximum Message/Inquiry Usage - The maximum number of incoming calls that can be received at a mailbox and included in the basic monthly rate. Messages in excess of the maximum number will be charged on a per call basis.

(Continued)

(N)

(To be inserted by the utility)

Issued by

(To be inserted by Cal. P.U.C.)

Advice Letter No. 260

William S. Barcus

Date Filed December 7, 2005

Decision No. _____

NAME

Effective January 5, 2006

President

Resolution No. _____

TITLE

Schedule No. A-27

(N)

VOICE MAIL SERVICE
(Continued)

SPECIAL CONDITIONS - (Continued)

2. Explanation of Terms - (Continued)

- i. Maximum Message Length - The maximum amount of time allowed for a caller's message.
- j. Message Delivery - This feature provides notification to a specific local telephone number that a new message is in the mailbox. The mailbox calls the designated number, identifies itself, requests and verifies a passcode, and then delivers the new message.
- k. Message Storage - The quantity of messages a mailbox can retain for subsequent retrieval.
- l. Message Waiting Notification - Special dial tone that indicates a new message is waiting. Regular dial tone returns after the message is retrieved, erased, or stored. Due to equipment limitations, this feature is not available at all locations.
- m. Pager Notification - This feature provides a signal to a specific pager unit that a message is in the mailbox. Repaging intervals can also be established. The customer can enable and disable this feature from the mailbox.
- n. Played Retention - The number of days a message that has been played will be allowed to remain in a mailbox.
- o. Private Sending - This feature allows a customer to mark a message as "private" before sending it to another mailbox. This marking prevents the recipient from sending the message to another mailbox.
- p. Return Receipt - This feature allows the customer to mark a message as "return receipt requested" before sending it to another mailbox. A return receipt voice message is given to the sender when the recipient plays the message.
- q. Stand Alone Mailbox - A mailbox that has a separate local telephone number and is activated directly or with call forwarding.

(Continued)

(N)

(To be inserted by the utility)

Issued by

(To be inserted by Cal. P.U.C.)

Advice Letter No. 260

William S. Barcus

Date Filed December 7, 2005

Decision No. _____

NAME

Effective January 5, 2006

President

Resolution No. _____

TITLE

\cng

Schedule No. A-27

(N)

VOICE MAIL SERVICE
(Continued)

SPECIAL CONDITIONS - (Continued)

2. Explanation of Terms - (Continued)

- r. Unplayed Retention - The number of days an unplayed message will be allowed to remain in a mailbox.
- s. Urgent Sending - This feature allows a customer to mark a message as "urgent" before sending it to another mailbox. This marking will establish the message as a priority for playing by the recipient.
- t. Auto Attendant - An optional call processing system which answers incoming calls and allows the caller to direct calls to telephone extensions without the use of a human operator. Typically, the caller is prompted to dial the extension number or hold for a live operator.

3. Description of Service

Voice Mail Service is a software controlled system located in the Utility's central office. The system records and stores voice messages for subsequent playback in a voice mailbox arrangement.

Voice mailboxes are established as either integrated or stand alone type mailboxes. Integrated mailboxes are provisioned with an existing local telephone exchange line and are activated when a telephone call is forwarded from that line to a designated telephone number that is terminated on the voice mail system. Stand alone mailboxes have separate local telephone numbers and are not provisioned with a local telephone exchange line. They are activated directly or with call forwarding.

Each voice mailbox provides a personalized greeting for callers, usage prompts, customer tutorial, mnemonic commands, passcode security, and name confirmation upon customer entry. The Economy, Basic, and Enhanced mailboxes also provide storage of the callers' messages with time-date stamp on each message, the ability to override prompts, send messages to other mailboxes, and message waiting notification on mailboxes that are provisioned with a local exchange access line.

(Continued)

(N)

(To be inserted by the utility)

Issued by

(To be inserted by Cal. P.U.C.)

Advice Letter No. 260

William S. Barcus

Date Filed December 7, 2005

Decision No. _____

NAME

Effective January 5, 2006

President

Resolution No. _____

TITLE

Schedule No. A-27

(N)

VOICE MAIL SERVICE
(Continued)

SPECIAL CONDITIONS - (Continued)

3. Description of Service - (Continued)

There are six types of Voice Mail Service offered, as follows:

- a. Greeting Only Voice Mailbox - A voice mailbox equipped to play a personal greeting or announcement and then disconnect. The calling party is not able to leave a message. The maximum message length is 4 minutes, and the maximum message usage is 500 message/inquiries per month. A single Greeting Only Voice Mailbox may be provisioned with additional message length minutes by paying additional Greeting Only Voice Mailbox rates.
- b. Economy Tree Only Voice Mailbox - A routing voice mailbox equipped to play a personal greeting to the caller and then allow single digit touch calling selection and routing of the call to another voice mailbox selected by the caller. The calling party is not able to leave a message. The maximum number of routes is 3, the maximum message length is 4 minutes, and the maximum message usage is 500 message/inquiries per month.
- c. Basic Tree Only Voice Mailbox - A routing voice mailbox equipped to play a personal greeting to the caller and then allow single digit touch calling selection and routing of the call to another voice mailbox selected by the caller. The calling party is not able to leave a message. The maximum number of routes is 8, the maximum message length is 4 minutes, and the maximum message usage is 500 message/inquiries per month. A single Basic Tree Only Voice Mailbox may be provisioned with additional routes and message length minutes by paying additional Basic Tree Only Voice Mailbox rates.
- d. Economy Voice Mailbox - A voice mailbox equipped to play a personal greeting to the caller and record the caller's message. The Automatic Wake-up and Message Delivery options may be added to this mailbox at an additional charge. The maximum message length is 1 minute, maximum message usage is 500 message/inquiries per month, maximum message storage is 10 messages, unplayed retention is 7 days, and played retention is 2 days.

(Continued)

(N)

(To be inserted by the utility)

Issued by

(To be inserted by Cal. P.U.C.)

Advice Letter No. 260

William S. Barcus

Date Filed December 7, 2005

Decision No. _____

NAME

Effective January 5, 2006

President

Resolution No. _____

TITLE

\eng

Schedule No. A-27

(N)

VOICE MAIL SERVICE
(Continued)

SPECIAL CONDITIONS - (Continued)

3. Description of Service - (Continued)

- e. Basic Voice Mailbox - A voice mailbox equipped to play a personal greeting to the caller and record the caller's message. Answer Message, Give Message, Group Broadcast, Pager Notification, Message Delivery, and Automatic Wake-up options may be added to this mailbox at an additional charge. The maximum message length is 2 minutes, maximum message usage is 500 message/inquiries per month, maximum message storage is 20 messages, unplayed retention is 14 days, and played retention is 5 days.
- f. Enhanced Voice Mailbox - A voice mailbox equipped to play a personal greeting to the caller and record the caller's message. Urgent Sending, Private Sending, Return Receipt, Group Broadcast, Answer Message, Give Message, Pager Notification, Message Delivery, and Automatic Wake-up options are included at no additional charge. The maximum message length is 3 minutes, maximum message usage is 500 message/inquiries per month, maximum message storage is 30 messages, unplayed retention is 30 days, and played retention is 10 days.

4. Voice Mail Service

- a. Is furnished for a minimum period and/or charge of one month.
- b. Is provided on single party lines only.
- c. Requires that a customer's line is equipped with touch calling service.
- d. Requires use of a dual tone multi-frequency (DTMF) compatible telephone set.

5. Directory Listings

The Utility will furnish one alphabetical directory listing without charge per stand alone mailbox, if requested. Additional listing will be offered subject to the provisions outlined in Schedule No. A-10, Directory Listings, and Schedule No. A-12, Joint User Service, or may be provided at no charge if in the judgment of the Utility such listings will improve service to the public, reduce Utility operating costs, or both.

(Continued)

(N)

(To be inserted by the utility)

Issued by

(To be inserted by Cal. P.U.C.)

Advice Letter No. 260

William S. Barcus

Date Filed December 7, 2005

Decision No. _____

NAME

Effective January 5, 2006

President

Resolution No. _____

TITLE

Schedule No. A-27

VOICE MAIL SERVICE
(Continued)

SPECIAL CONDITIONS - (Continued)

6. The number outdiald for Pager Notification, Message Delivery, and Automatic Wake-up is restricted to the toll free calling area.
7. Under certain conditions, the facilities restrictions and limitations may prevent Automatic Wake-up from activating at the precise time designated by the customer.
8. Certain trunk hunting services may not be compatible with Voice Mail Service.
9. Call Waiting takes precedence over Call Forwarding to a Voice Mailbox.
10. Calls made to local exchange telephone lines equipped with an integrated mailbox will be automatically terminated on a designated mailbox when the line is busy or unanswered after a designated number of rings, unless otherwise specified by the customer.
11. Message Waiting Notification is provided only on mailboxes associated with local exchange lines. Due to equipment limitation, this feature is not available at all locations.
12. Multi-Element Service Charges as set forth in Schedule No. A-14 will apply to this service. X
13. Charges for Voice Mail Services are included in charges that may be subject to disconnection for nonpayment as described in Rule No. 11., Discontinuance and Restoration of Service.
14. Limitation of Liability

The Utility makes no guarantee and assumes no liability for accuracy, performance, or nonperformance of the Voice Mail Service.

Provisions covering limitation of liability and allowance for interruption in service set forth in paragraph B.2 of Rule No.24, Limitation of Liability, shall apply to this service.

X – Correction.

(To be inserted by the utility)

Advice Letter No. 263

Decision No. _____

Issued by

William S. Barcus

NAME

President

TITLE

(To be inserted by Cal. P.U.C.)

Date Filed March 6, 2006

Effective January 1, 2007

Resolution No. _____

Exhibit G
[Public]

Confidential; portions redacted

FORESTHILL TELEPHONE

RESULTS 2024 PF
2024

FORESTHILL TELEPHONE

PROPOSED YEAR:

ITEMS	TOTAL COMPANY	INTERSTATE	INTRASTATE TOTAL
	(a)	(b)	(c)=(a-b)
OPERATING REVENUES:			
1 Local Network Service	536,399	0	536,399
2 Federal/State USF	779,559	0	779,559
3 State CHCF-A	2,216,146	0	2,216,146
4 Network Access Svces:			
5 Intrastate	141,640	0	141,640
6 Interstate	3,546,776	3,546,776	0
7 Miscellaneous Revenues	59,253	9,570	49,683
8 Less:Uncollectible Revenues	(1,028)	0	(1,028)
9 Total Operating Revenue	7,278,745	3,556,346	3,722,399
OPERATING EXPENSES:			
10 Plant Specific	1,893,164	1,072,703	820,461
11 Plant Non Specific	211,871	138,287	73,584
12 Depreciation & Amortization	1,357,565	773,105	584,460
13 Customer Operations	717,784	164,120	553,664
14 Corporate Operations	1,385,409	627,719	757,690
15			
16 Total Operating Expenses	5,565,792	2,775,933	2,789,859
OPERATING TAXES:			
17 Operating Fed Income Taxes	240,461	101,651	138,810
18 Operating State Inc. Taxes	111,038	46,940	64,098
19 Taxes other than operating	336,703	183,950	152,753
20 Excess Def Tax Reserve Offset	(80,396)	(42,047)	(38,350)
21 Total Operating Taxes	607,806	290,494	317,311
22 NET OPERATING INCOME	1,105,147	489,918	615,229
RATE BASE			
23 Telephone Plant-In-Service	45,013,534	24,526,839	20,486,695
24 Tel Pitt held for future use	0	0	
25 Tel Pitt under construction	0	0	0
26 Mat & Supplies	123,124	64,979	58,145
27 Working Cash	458,318	222,610	235,708
28 Less:Depr Reserve	(28,546,280)	(15,823,374)	(12,722,906)
29 Def. Taxes	(1,973,000)	(1,031,867)	(941,133)
30 EDIT (Excess Def Tax)	(572,426)	(299,375)	(273,051)
31 Customer deposit	0	0	0
32 Total Rate Base	14,503,270	7,659,811	6,843,459
33 Rate of Return	7.62%	6.40%	8.99%

Affiliate ISP NI All Lines 2021 (d1)	INTRASTATE IMPUTED ISP NI (e)=(c+d1)	Affiliate ISP NI non-CBOL 2021 (d2)	INTRASTATE IMPUTED ISP ADJ NI (f)=(c+d2)	Affiliate RATIO V&D/DO (g)

Data Only lines
Voice Data Lines

Exhibit H

**FORESTHILL TELEPHONE CO.
NOTICE BY PUBLICATION OF APPLICATION TO ESTABLISH NEW
REGULATED REVENUE REQUIREMENT AND ADJUST RATES (A.22-11-____)**

On November 1, 2022, Foresthill Telephone Co. (Foresthill) filed an application with the California Public Utilities Commission (CPUC) requesting a review of its intrastate revenue requirement and rate design. This filing was submitted in accordance with Commission rules, including those outlined in CPUC Decision Nos. 94-09-065, 14-12-084, 15-06-048, 21-04-005 and 21-06-004, and the CPUC's Rules of Practice and Procedure. This application has been docketed at the CPUC as A.22-11-____.

Foresthill's application proposes to increase Foresthill's current basic single-line residential rate by \$1.00, exclusive of taxes and fees, from \$25.00 to \$26.00. Based on these adjustments and the current levels of federal LifeLine and state LifeLine credits, Foresthill's LifeLine rate is expected to increase by \$1.00. The application also proposes to raise Foresthill's current basic single-line business rates by \$1.00, exclusive of taxes and fees, from \$35.00 to \$36.00. In addition, Foresthill's application proposes to include voice mail and custom calling features such as, Call Forwarding, Call Waiting, Three Way Calling, Speed Calling 8/30, Teen Service, Delayed Call Forwarding, Call Return, Repeat Dialing, Priority Ringing, Selective Call Forwarding, Selective Call Rejection, Selective Call Acceptance, Anonymous Call Rejection, Caller ID, Call Trace, Call Return, and Repeat Dialing, within the basic voice rates.

Why is Foresthill requesting this adjustment in rates?

Foresthill has made this proposal to preserve access to universal service support from state and federal sources and to ensure that it can continue to provide safe, reliable, and modern telecommunications services to its customers, while covering its operating expenses and earning a reasonable rate of return on its investments.

How does the rest of the process work?

The application will be assigned to a CPUC Administrative Law Judge who will consider proposals and evidence presented during the formal hearing process. The CPUC will hold public participation hearings at dates yet to be determined, which will provide customers an opportunity to express their views on this matter to the CPUC. The Administrative Law Judge will issue a proposed decision that may adopt Foresthill's application, modify it, or deny it. Any CPUC Commissioner may sponsor an alternate decision with a different outcome. The proposed decision, and any alternate decisions, will be discussed and voted upon by the CPUC Commissioners at a public CPUC Voting Meeting. Parties to the proceeding will review Foresthill's application, including the Public Advocates Office of California, which is an independent consumer advocate within the CPUC. For more information about the Public Advocates Office, please call 1-415-703-1584, email PublicAdvocatesOffice@cpuc.ca.gov, or visit www.PublicAdvocates.cpuc.ca.gov.

Where can I get more information?

CONTACT FORESTHILL:

Phone: (530) 367-2222 or (866) 367-8704

Email: customerserviceforesthill@sebastiancorp.com

Address: Foresthill Telephone Co., 5915 Gold Street, Foresthill, CA 95631.

A copy of the entire filing and related exhibits will be made available by written request to:

David Clark
Sebastian
811 S Madera Avenue
Kerman, CA 93630

CONTACT CPUC

Please visit **apps.cpuc.ca.gov/c/A2211__** to submit a comment about this proceeding on the CPUC Docket Card. Here you can also view documents and other public comments related to this proceeding. Your participation by providing your thoughts on Foresthill's request can help the CPUC make an informed decision.

If you have questions about CPUC processes, you may contact the CPUC's Public Advisor's Office at:

Phone: 1-866-849-8390 (toll-free) or 1-415-703-2074
Email: Public.Advisor@cpuc.ca.gov
Mail: CPUC Public Advisor's Office
505 Van Ness Avenue
San Francisco, CA 94102

Please reference **Application A.22-11-__** in any communications you have with the CPUC regarding this matter.

Exhibit I

FORESTHILL TELEPHONE CO.
NOTICE OF APPLICATION TO ESTABLISH NEW
REGULATED REVENUE REQUIREMENT AND ADJUST RATES
A.22-11-___

Why am I receiving this notice?

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Foresthill's application proposes to increase Foresthill's current basic single-line residential rate by \$1.00, exclusive of taxes and fees, from \$25.00 to \$26.00. Based on these adjustments and the current levels of federal LifeLine and state LifeLine credits, Foresthill's LifeLine rate is expected to increase by \$1.00. The application also proposes to raise Foresthill's current basic single-line business rates by \$1.00, exclusive of taxes and fees, from \$35.00 to \$36.00. In addition, Foresthill's application proposes to include voice mail and custom calling features such as, Call Forwarding, Call Waiting, Three Way Calling, Speed Calling 8/30, Teen Service, Delayed Call Forwarding, Call Return, Repeat Dialing, Priority Ringing, Selective Call Forwarding, Selective Call Rejection, Selective Call Acceptance, Anonymous Call Rejection, Caller ID, Call Trace, Call Return, and Repeat Dialing, within the basic voice rates.

Why is Foresthill requesting this adjustment in rates?

Foresthill has made this proposal to preserve access to universal service support from state and federal sources and to ensure that it can continue to provide safe, reliable, and modern telecommunications services to its customers, while covering its operating expenses and earning a reasonable rate of return on its investments.

How does the rest of the process work?

The application will be assigned to a CPUC Administrative Law Judge who will consider proposals and evidence presented during the formal hearing process. The CPUC will hold public participation hearings at dates yet to be determined, which will provide customers an opportunity to express their views on this matter to the CPUC. The Administrative Law Judge will issue a proposed decision that may adopt Foresthill's application, modify it, or deny it. Any CPUC Commissioner may sponsor an alternate decision with a different outcome. The proposed decision, and any alternate decisions, will be discussed and voted upon by the CPUC Commissioners at a public CPUC Voting Meeting. Parties to the proceeding will review Foresthill's application, including the Public Advocates Office of California, which is an independent consumer advocate within the CPUC. For more information about the Public Advocates Office, please call 1-415-703-1584, email PublicAdvocatesOffice@cpuc.ca.gov, or visit www.PublicAdvocates.cpuc.ca.gov.

Where can I get more information?

CONTACT FORESTHILL:

Phone: (530) 367-2222 or (866) 367-8704

Email: customerserviceforesthill@sebastiancorp.com

Address: Foresthill Telephone Co., 5915 Gold Street, Foresthill, CA 95631.

A copy of the entire filing and related exhibits will be made available by written request to:

David Clark
Sebastian
811 S Madera Avenue
Kerman, CA 93630

CONTACT CPUC

Please visit apps.cpuc.ca.gov/c/A2211 to submit a comment about this proceeding on the CPUC Docket Card. Here you can also view documents and other public comments related to this proceeding. Your participation by providing your thoughts on Foresthill's request can help the CPUC make an informed decision.

If you have questions about CPUC processes, you may contact the CPUC's Public Advisor's Office at:

Phone: 1-866-849-8390 (toll-free) or 1-415-703-2074

Email: Public.Advisor@cpuc.ca.gov

Mail: CPUC Public Advisor's Office

505 Van Ness Avenue

San Francisco, CA 94102

Please reference **Application A.22-11-___** in any communications you have with the CPUC regarding this matter.

Exhibit J

	[A] Agreement Type (License, Lease or Other	[B] Name of Company in Agreement With	[C] Facility/Utility Property Type in Agreement	[D] is the Transaction with a subsidiary or affiliate? (Yes/No)	[E] Is the Transaction Revocable?	[F] Length of Agreement (Effective Date-End Date)	[G] Dollar Amount Over Life of Agreement *	[H] Dollar Amount for GRC Year	[I] Recording Policy
[1]	Lease	Verizon	Antenna	No	Yes	Continuing until revoked	\$169,455.08	\$32,999.28	524010.50.00.00 Rent
[2]									
[3]									
[4]									
[5]									
[6]									
[7]									
[8]									
[9]									
[10]									
[11]									
[12]									

* Lifetime as of CY 2016 through end of Calendar Year 2021

Exhibit K

Benchmark/Timeline	D.15-06-048 Schedule Without Adjustment (days after application)	FTC/KTC	Ponderosa
GRC Application Filed and Testimony served	Tuesday, 11/1/22 (0 days)	Tuesday, 11/1/22 (0 days)	Monday, 10/3/2022 (0 days)
Protest/Intervenor Deadline	Thursday, 12/1/22 (30 days)	Thursday, 12/1/22 (30 days)	Wednesday, 11/2/2022 (30 days)
Reply to protest	Monday, 12/12/22 (41 days)	Monday, 12/12/22 (41 days)	Monday, 11/14/2022 (41 days)
Prehearing Conference	Monday, 1/2/23 (60 days)	Thursday, 1/5/23 (63 days)	Thursday, 12/1/2022 (59 days)
Scoping Memo	<i>Not specified</i>	Thursday, 1/19/23 (77 days)	<i>Not specified</i>
Intervenor Testimony	Friday, 3/31/23 (150 days)	Friday, 3/31/23 (150 days)	Friday, 3/3/2023 (151 days)
Rebuttal Testimony	Monday, 5/1/23 (180 days)	Tuesday, 5/30/23 (210 days)	Wednesday, 3/15/2023 (163 days)
Public Participation Hearing	<i>Not specified</i>	Friday, 6/9/23 (220 days)	Friday, 5/5/2023 (214 days)
Hearings	Tuesday, 5/30/23-Friday, 6/9/23 (210-220 days)	Monday, 7/10/23-Friday, 7/14/23 (251-255 days)	Monday, 6/19/2023 (259 days)
Opening Briefs	Tuesday, 7/11/23 (252 days)	Thursday, 8/10/23 (282 days)	Friday, 7/21/2023 (291 days)
Reply Briefs	Tuesday, 8/1/23 (273 days)	Friday, 9/1/23 (304 days)	Friday, 8/11/2023 (312 days)
Proposed Decision	Thursday, 9/28/23 (331 days)	Wednesday 11/1/23 (365 days)	Monday, 10/23/2023 (385 days)
PD Comments	Wednesday, 10/18/23 (351 days)	Tuesday, 11/21/23 (385 days)	Monday, 11/13/2023 (406 days)
Voting Meeting	November 2023 (361-390 days)	December 2023 (395-415 days)	Thursday, 11/16/2023 (409 days)
Implement New Rate Design	January-February 2024 (390-420 days)	January 1, 2024 (426 days)	Monday, 1/1/2024 (455 days)